

BANKING ENQUIRY COMMITTEE
FOR THE
CENTRALLY ADMINISTERED AREAS
1929-30

Volume III

EVIDENCE

TAKEN IN THE
PROVINCE OF AJMER-MERWARA



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**BANKING ENQUIRY COMMITTEE FOR THE CENTRALLY
ADMINISTERED AREAS.**

MINUTES OF EVIDENCE

TAKEN BEFORE THE

**Banking Enquiry Committee for the
Centrally Administered Areas.**

Tuesday, the 10th December 1929.

AJMER.

PRESENT

Khan Bahadur Diwan ABDEL HAMID, C.I.E., O.B.E. (*Chairman*).

Professor H. L. CHADLANI, M.A.

Lala BAL KISHEN.

Rai Sahib KANWAR MOTILAL.

Seth VITHALDAS RATHI (*Co-opted
Member*).

Mr. V. S. MARBALLI (*Secretary*).

**Mr. J. A. DE-SOUZA, M.B.E., late Extra Assistant Com-
missioner, Ajmer-Merwara.**

Replies to the Questionnaire.

A.—AGRICULTURAL INDEBTEDNESS.

1. Agricultural indebtedness is one of the predominant evils among the agricultural classes in Merwara, the percentage of debtors being about 95 per cent. of the agriculturists. In the large majority of cases debts are incurred on the usufructuary mortgage of land by means of a registered or unregistered instrument or verbal agreement and in a few cases, against ornaments.

2. The debts may be classified as under :

- (1) Old debts inherited from ancestors.
- (2) Debts incurred for marriage expenses and funeral feasts.
- (3) Debts incurred in famine or on failure of crops.
- (4) Debts incurred in litigation.
- (5) Debts incurred in sinking of wells.
- (6) Debts incurred for purchase of plough-cattle.
- (7) Debts incurred for seed and manure.

These debts are due chiefly to the village *bahra* or *bania* shop-keeper and the co-operative societies, and debts on account of *takari* loans, to Government. The avoidable debts are only those under class (2) and these form the principal burden of the cultivators' debts. I do not think any legal measures can be taken for limiting borrowing for these wasteful and unproductive purposes, and the only remedy appears to me to lie in propaganda through social reformers. There is a social reform society among the *Razvi* community which forms the bulk of the cultivators in Merwara, and its services could be effectively utilised for this purpose.

2. The rates of interest charged by the various classes of creditors are as under:—

(1) Village *bahras*—to solvent creditors from Rs. 18-0 to Rs. 2 per cent. per mensem, others at Rs. 32-0 per cent. per mensem. In addition to the above rates of interest anna 1 per rupee is deducted at the time of advancing the loan. Interest is calculated at the end of each harvest.

(2) Co-operative credit societies:—Rs. 1 per cent. per mensem.

(3) Governments on *takari* loans Rs. 6 per cent. per annum.

Re-payment of debts due to money lenders is enforced by recourse to the civil court.

4. There is a considerable proportion of land which has passed into the hands of the money lenders, while the farmer occupies the position of an ex-proprietary tenant. In these cases there is always a tendency for the cultivator to lose interest in the land and to take no steps to increase its productivity by using manure, efficient methods of cultivation and sowing more paying crops. There is a regulation (No. III of 1914) to prevent the permanent alienation of agricultural land. Under this regulation no land can be permanently alienated except with the sanction of the Collector. But there is a large proportion of land which was mortgaged prior to 1914 and to which the above regulation does not apply, which is in the hands of the money-lenders. A regulation (No. II of 1928) was enacted last year to facilitate the redemption of such mortgages without having recourse to the civil court and provides an easy means of redeeming such mortgages. The existence of this regulation is not widely known to the cultivators and it is necessary that special steps should be taken to advise the cultivators to avail themselves of this regulation before the redemption of such mortgages are barred by time. The apathy of the cultivators in taking advantage of the regulation may also be due in many cases to their not being able to procure money for the redemption of the mortgage. In many cases lands have been usufructually mortgaged for comparatively small sums and have remained in the hands of the money-lenders through sheer apathy on the part of the cultivators to enquire about the old debts, and also owing to the money-lenders not showing the debtors their accounts. The Co-operative Department have recently started banks for the redemption of mortgaged land and I think much could be done for the redemption of such land through the Co-operative Department with the co-operation of the revenue officials.

5. The cultivators usually resort to the *bahras* for expenses during cultivation and for maintenance on failure of crops. These advances are generally made by the *bahras* in kind. The rates of interest charged for these commodities are the same as mentioned in para. 3 *supra*. Seed grain if not paid for in cash, is recovered at 25 per cent. in excess of the quantity supplied, at the harvest.

Mr. J. A. De Souza.

6. *Takari* loans are freely taken in years of scarcity, for sinking and deepening wells, purchase of bullocks and seed. It is not usual to grant such loans for maintenance, as when there is scarcity or famine, relief works are provided for the relief of distress. I am of opinion that loans should be freely given for wells, bullocks and seed also in ordinary years and that sufficiently large loans should be granted for these purposes specially for wells as it often happens that owing to the loan not being sufficient, the cultivator has to resort to the *bania* for the balance of the money required for completing the work.

7. The marketing centre for Merwara is Beawar. Nearly all the cultivators bring their produce to Beawar and sell it through the *bahras* (brokers) who charge commission at the rate of Re. 1 per cent. plus annas eight per cent. on account of other charges. The *bahra* pays the price of the produce to the cultivator on the same day after deducting the above charges, and recovers the amount from the purchaser after four days. Produce is in no case stored by the agriculturist as his need for money is immediate.

8. There is need for long term loans only for the purposes for which *takari* loans are granted under the Land Improvement Loans Act, and for redemption of mortgaged land. Facilities are already provided for loans for these purposes by the Land Improvement Loans Act and co-operative mortgage banks.

9. There are no small industries subsidiary to agriculture except production of *ghes* and wool and sale of fire wood from the Government forests. Seasonal employment is also obtained in the cotton ginning and pressing factories at Beawar.

10. The co-operative credit societies in Merwara are merely money lending institutions. They are unfortunately not very popular with the cultivators. These societies appear to me to be held in disfavour owing to the distrust which the cultivators entertain towards the *panchs* and the lower officials of the co-operative societies and also in some cases owing to recovery of instalments being made by disposing of the cultivators property when they are unable to pay owing to failure of crops or insufficient production and recovery of loans from the sureties without making proper efforts to recover the money from the actual debtors. I am of opinion that the co-operative credit society system affords the best means of financing the cultivators provided the system is worked with care and discretion and the managing staff is carefully selected, so that it commands the full confidence of the cultivators and the public. The Belgian Mission in Chota Nagpur have adopted a co-operative credit system both for advancing loans in cash and for disposing of the produce of the country as well as for supplying its needs which has proved highly successful as will be seen from the enclosed extract of a lecture delivered before the East India Association, London, in January 1929, on the uplift of the aboriginals of Chota Nagpur. If such a system could be adopted in Merwara, I am of opinion that it would be of incalculable benefit to the cultivators in this district. Apart from the co-operative system I am of opinion that the village *bahra* constitutes the most convenient financier of the cultivator but that some safeguards are necessary to ensure honest dealing. This can I think be secured by requiring the *bahras* to maintain a cash account in addition to the *khata*. The cultivator should also be required to maintain a duplicate *khata* in the hand-writing of the *bahra* to ensure the correctness of the account. In addition to these

safe-guards I would also suggest that courts should be required to allow only reasonable interest when claims are preferred in the courts.

Oral evidence.

11. *Chairman*: How long had you been Extra Assistant Commissioner?—For 8 years.

12. Here, in Ajmer?—I had been in Ajmer Merwara for the last 14 years. For six years I was General Manager Court of Wards, and for upwards of 8 years, Extra Assistant Commissioner, Merwara.

13. What is the system of land tenure in this Province? I can only speak for Merwara. It is a settled tract. There are periodical assessments

14. I mean, what sort of *zamindars* have you got here? They are owners of the soil.

15. You mean proprietors? The *ryots* are the proprietors of the soil and Government is only concerned with the recovery of land-tax.

16. What are the different classes of *zamindars* here? There are 4 classes; *istimari*, *bhum*, *jagir* and *muafi*. In Merwara there is only one class of *ryots*, who are called *kharatdar* or proprietary tenants.

17. Were you Revenue Assistant here?—No. I was in the district of Merwara. I was Revenue Officer for my district.

18. You say the only remedy for checking the incurring of debts lies in propaganda and social reform. Do you include education?—No.

19. You have given us an extract about the working of the Belgian Mission in Ranchi. You think there is a possibility of extending the scheme to Ajmer Merwara?—Yes. (*The witness handed over a printed pamphlet to the Chairman, containing an account of the co-operative system adopted in Ranchi.*) The conditions here are very similar. Chota Nagpur is a far more backward tract than this country. If the scheme could be introduced in Chota Nagpur, I do not see why it should not be possible to adopt it here. The Belgian Fathers have been very successful in establishing this movement in Chota Nagpur.

20. You say that the existence of Regulation No. II of 1928 is not known to farmers generally and that is why they do not make full use of it?—Yes. It was introduced only last year and we could not get copies of it. I had to wait for six months to get one. I managed to get it with great difficulty through my revenue staff. I have been trying to make it known to the villagers.

21. You have got the revenue *patwari*?—Yes.

22. Don't you think it easy to make it known to the people through such people as the *landbarans*?—Yes, but special steps are required for this purpose.

23. *Prof. Chablang*: I was under the impression that you were also connected with the co-operative movement?—No. Of course, I have taken a lot of interest in the co-operative movement in my capacity as Revenue Extra Assistant Commissioner.

Mr. J. J. De-Souza.

25. I would like to have first of all your impression as to the possibility of saving on the part of the majority of the people who own land in Ajmer-Merwara. If they were to pay interest between 9 per cent and 12 per cent., considering their normal income and expenditure how many can actually save?—I do not think it will leave a very large margin. The reason is that the holdings are very small.

26. Are the holdings economic holdings such as will support a normal family?—I do not think so.

27. What do you think would be the economic holding in Merwara, considering the common type of unirrigated land? About 20 to 25 *bighas* of land. (2½ *bighas* make an acre.)

28. Considering a good year, what would be the minimum holding of unirrigated land that will support a family? I think nothing less than 25 to 30 *bighas*.

29. In Merwara in how many years is there a year of scarcity?—In five years there is only one good year.

30. It means that considering the average return in 5 years, you ought to have a holding of 4 times 25 *bighas* to support a family during a period of 5 years?—Yes.

31. And of irrigated land? I think about 10 *bighas* will support a family.

32. In years when the rainfall is deficient even the well or the tank fails?—Yes.

33. How many bad years do you have on irrigated land in a cycle of 5 years?—In 5 years there is one bad year.

34. There must be some difference between irrigated land and unirrigated land. You must have more good years on irrigated land? If we take 5 years, there will be about 3 good years and two years would be years of scarcity.

35. If you put the economic holding at 10 *bighas* in a good year, in three good years you should have about 30 *bighas*, to give you an average of 10 in 5 years, provided there were no debts to pay?—Yes.

36. Ordinarily has the agriculturist to borrow for his working capital during cultivation, i.e., for productive purposes?—How much do you think would be necessary to borrow for working expenses on an economic holding?—I don't think he would have to borrow anything really.

37. Does he not borrow seed and for bullocks, etc.?—If the year is good he need not borrow for these purposes.

38. You cannot say that every year is good or bad; there are good, bad and indifferent years?—He will only borrow seed in bad and indifferent years.

38(a). He may have to purchase bullocks in a cycle of five years?—I don't think so.

39. Do you think, so far as working expenses are concerned, he has only to borrow for purposes of seed only?—Yes.

40. Taking 5 years as a whole, what will be the average working capital that he will have to borrow in a year?—He will have to borrow only for seed.

41. But surely, if one year out of five years is normal, he will have to borrow also for the purchase of bullocks?—As a rule all the cultivators have bullocks. They have not to buy them ordinarily.

42. Supposing he borrows for seed and considering the rate of interest that will be charged by co-operative banks, do you think he will be able to pay the interest out of that economic holding, say at 12 per cent., or would you put the economic holding higher? We contemplate, first, a person who borrows nothing and then one who has to borrow only for the working expenses?—In that case you will have to put the economic holding higher.

43. How much higher would you put it? In the first case you put it at 25 *bighas*.

43 (a). Will you make it 30 or 25 in the second case?—I would make it about 30 *bighas*.

43 (b). Can we get exact statistics of the proprietary holdings in Merwara from the revenue records? We want to know for instance, how many people have less than 3 acres, etc. When we asked for these figures, we did not get them? I think you asked for them rather late. It will take some time.

44. Is the information available in the head-office or the *tehsil*?—It is available in the *tehsil*.

45. Your general impression is that the majority of the people do not own as much as this? No. The average holding in Merwara is about 5 *bighas* of land.

46. Obviously there is no hope of these people saving anything in a good year and in a bad year they must get into debt?—Yes.

47. In other words, the majority of the people get into debt in 4 out of 5 years. Let us take another case. Take the people who own land above what you have put down as an economic holding. Have these people the capacity to save? I don't think so.

48. Those who own more than an economic holding?—I am afraid they don't save anything at all, because they are not conversant with any sort of investment.

49. Where does their money go?—Probably in purchasing gold and silver ornaments.

50. Is there any opportunity for people who have something to save to buy land? Yes. They buy new land and they also redeem lands which are mortgaged.

51. Considering the price of land per acre, is the purchase of land really a profitable investment?—Yes, it is.

52. Is it as profitable as investing in Post Office Cash Certificates?—It will give you about 5 per cent. ?—I think it is more profitable to purchase land.

53. I put it to you that a man who invests in Post Office Cash Certificates has not to bother himself about the management of land. He is quite free to earn as a wage earner. The earnings from the land include the reward for the management and personal labour, and naturally you must make an allowance for that. Would you consider the purchase of land a more profitable investment taking all these factors into account?—I think it would be profitable to invest in Post Office Cash Certificate.

54. What is the price of irrigated land?—The price is about Rs. 100 to Rs. 200 a *bigha*, i.e., about Rs. 250 to 500 per acre.

Mr. J. A. De-Souza.

56. What is the yield of such land in a good year per acre?—I will have to calculate that. One *bigha* under cotton would fetch about 6 mounds of cotton at the rate of Rs. 10 on an average.

57. *Seth Fathollah Butcher*: Now-a-days it is Rs. 9½. The average can be put down at Rs. 10.

58. *Prof. Choudhary*: Six times that is Rs. 60. You can derive from one *bigha* an income of Rs. 60 for cotton and the price of one *bigha* of such land will be Rs. 200. You are taking only the cotton crop in the year. Will the land admit of another crop?—No. The cotton land admits of only one crop.

59. You are taking only the gross produce. What are the expenses?—Yes. I am talking of the gross produce. I do not think we need take into consideration the labour.

60. Of course, we must. He has got his holding.

61. I want to consider his position as an investor in land. He can invest in the post office and at the same time work as a labourer. Rs. 60 is his gross income. You must allow for labour during cultivation. How much can a family normally cultivate? A family can cultivate about 25 *bighas*.

62. Provided they have 25 *bighas*?—Yes.

63. We are considering the case of a person who can save something. What will be the expenses of cultivation? The expenses of cultivation would amount to Rs. 30.

64. That is out of Rs. 60 only Rs. 30 is the net income. That Rs. 30 you can get only three times in five years?—Yes.

65. It means Rs. 90 for 5 years. You have got an average of Rs. 18 per year. So he gets Rs. 18 on an investment of Rs. 200 or Rs. 250?—Yes.

66. You have calculated his expenses only at Rs. 30. At what rate have you taken his wage and the wage of his family?—The average is about 4 annas per head. For a cultivator it is even 3 to 4 annas. In the city they get more but in villages less. If he comes to the city he has to spend more.

67. How many members does a normal family consist of?—I have taken husband, wife and two children as working members.

68. How much will you give to the wife as her wage?—I will give the man Rs. 6 to Rs. 7½, the wife Rs. 6 and the children Rs. 4 per mensem.

69. That is Rs. 21-8-0 per mensem. Multiplied by 12 it makes Rs. 258 per annum. You have taken only Rs. 30 for expense?—Yes, but of course for one *bigha* you would not require one man and one woman.

70. You have put the average holding at 5 *bighas*. Rs. 258 must be divided by 5, which works out to say Rs. 52. The net saving is only Rs. 8 per annum on Rs. 250 the price of the land. It is very much less than investing in the Post Office Cash Certificates?—But they don't know much about these.

71. Quite so. Considering the conditions in Merwara, it is uneconomical to invest in land. Taking it as a business proposition, apart from sentiment, the average holding is not enough to give adequate return on the capital invested?—No. But just one thing. I have taken Rs. 60 for cotton and this crop is only a six monthly crop. It is sown in June and harvested in December. This land is free for other cultivation.

72. Quite so. You have taken possibly a paying crop. Considering the yield it is more profitable to grow cotton?—They can grow other crops too. They can grow fodder. For instance, they cultivate *methi*. We must take that into account. You will get about 8 maunds of fodder on one *bigha* of land. This they don't sell, they use it for their cattle.

73. If they use it as fodder for the cattle you will exclude it from the cost of production?—Yes.

74. So they counterbalance each other. You can't include it under income and exclude it from expenditure?—No.

75. What is the price of fodder? The price is about 25 seers per rupee.

76. Assuming only half is sold and half is used for bullocks?—As a matter of fact, they don't sell it at all.

77. Then exclude it altogether. As a matter of fact we have erred on the side of exaggeration, because Rs. 150 is the gross income only in 5 years. It must be divided by 5?—Yes.

78. That is, Rs. 150 divided by 5 works out to Rs. 30?—Yes, you are right.

79. So, if the proposition is uneconomical, we must discourage such an unprofitable investment of the savings. There seems to be a sort of mad honing which forces up the price of land out of all proportion to the produce? You would discourage this investment?

80. If it is unprofitable, surely the savings of the people ought to be diverted from this form of investment?—Yes, if they can get a better form of investment. I do not think, they would go in for Post Office Cash Certificates or other forms of investment.

81. That is quite a different thing. There are other alternative methods of investment besides the Post Office Cash Certificates. Our remedy is to popularise forms of investments other than land which does not give an adequate return on the capital invested in it?—Yes.

82. I will put another question. You have told us in your answer that the "avoidable debts are only these under class (2) *credit* paragraph 2), and these form the principal burden of the cultivator's debts". In the case of those people who borrow mostly for purposes which are uneconomical, you would advocate the restriction of credit facilities?—Yes.

83. There comes the difficulty. What is the percentage of the class of men who borrow for productive purposes?—I think hardly 10 per cent. of the people.

84. How would you make it easy for these people to borrow money for productive purposes?—Of course, the best way is by the *takari* system.

85. You have given the rates of interest charged by the various classes of creditors in paragraph 3. Are the rates charged by village *bahras* the nominal rates of interest or are these the actually realised rates of interest?—These are the actually realised rates of interest.

86. Are these nominal rates?—There are no nominal rates.

87. You mean to tell me that a man is able to get them from a law court?—No. From the law court he will only get a rate of 6 per cent.

88. If the matter goes to a law court will he get only 6 per cent.?—Not always, only sometimes. It is discretionary with the court.

89. Quite true. Considering the general tendency of the courts, the courts would not award more than 6 per cent.?—If there is no formal agreement to the contrary.

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90. You mean that courts can even award 36 per cent.?—What generally happens is this: interest is converted into principal and the court has then no option.

91. Supposing within three years a suit is filed, will the court award 36 per cent.?—If it has been so stipulated. If there is no agreement to that effect, the court can award only 6 per cent.

92. Can you give us specific instances of cases in which a law court has awarded a money lender 36 per cent.?—I cannot.

93. Are you aware that in Merwara in the years 1917 and 1918 an attempt was made by the Co-operative Department to compound the debts of the moneylenders?—I have no knowledge. I was not in Merwara then.

94. Do you know of any cases where the moneylender was prepared to leave off something at the time of settling debts?—I have no personal knowledge. That is generally done in the civil courts. Sometimes they effect a compromise and do leave off something.

95. Rather than go to civil courts, the moneylender is prepared to settle by leaving off something. Could you give me some figures?—I have no figures about that. But in many cases they do arrange compromises.

96. Is the general trend of rates of interest to go up or come down?—They are practically stationary.

97. Has the interest gone up or gone down after the introduction of the Land Alienation Act in 1914?—I do not think the rate of interest has gone up. I think it is stationary.

98. What percentage of the debts due to the moneylender proves to be irrecoverable?—I think comparatively a small percentage. I could not tell you exactly, but it is a small percentage.

99. The Co-operative Department was able to knock 6 annas out of 10 annas in 1917. You say "there is a considerable proportion of land which has passed into the hands of the moneylenders". I suppose not since 1914?—I was thinking of the years 1900-1910, when there was a famine.

100. Have you any personal knowledge of those years?—No, but I came to know of them.

101. What I want to know is, how much land actually passed into the hands of the moneylenders?—Can you give us exact figures?—No.

102. Does the moneylender proprietor actually cultivate the land or is he merely a rent receiver?—He gets it cultivated by others and receives a share of the produce.

103. Mortgage is different, sale is different. When he has actually become the owner of the land, does he treat the land as an investment for himself?—Yes.

104. Does he invest his capital in it?—Sometimes he does for purposes of wells. There are very few cases in which he spends money on other improvements.

105. Does he look after the land himself?—No. He has it cultivated by others.

106. On what basis?—He takes a share of the produce. Generally a half.

107. Apart from the moneylender there must be other landlords on this half share system?—Yes, there are *khewadars*. These people mortgage among themselves.

108. Is the rate of interest charged by the agriculturist moneylender high?—No. It is the same. Sometimes on temporary loans they do not charge anything.

109. That is a different thing. You say "there is a large proportion of land which was mortgaged prior to 1914". Is the area mortgaged increasing or decreasing?—I think it is decreasing.

110. Are you aware that the mortgage of land has gone up by leaps and bounds during the last 4 years from 1926, the area mortgaged in 1927-28 being double the area mortgaged in 1923, 1924 and 1925?—I am not aware of that.

111. I will give you the figures furnished by the Extra Assistant Commissioner, Merwara. In 1928, 1435 *bighas* of land were mortgaged afresh, in 1920 only 554, in 1924 only 857, in 1923 only 885, in 1920 only 832, in 1918, 476, and in 1916 only 441. You see that mortgaged area has gone up. In 1927 and 1928 it shot up, both in Beawar and Todgarh?—Yes, these figures must be correct.

112. Are you aware the mortgage debt has shot up even higher than it was in 1914? The mortgage debt must have gone higher.

113. Do you say also that in many cases the mortgages are with possession?—Yes.

114. Does the man receive no interest but only the yield of the land; the yield to him being half of the total yield as the other half must go to the tenant?—Yes.

115. What percentage does half the annual yield of the land work out to on the mortgage money, assuming that the mortgage value is equal to half the price and the value of a *bigha* of land is Rs. 200. If you take the mortgage money as Rs. 100, will it be fair? I do not follow you.

116. Supposing the value of a *bigha* of land is Rs. 200, the moneylender would not advance more than Rs. 100 on mortgage, would he?—No.

117. Considering that half is the average, it means Rs. 100?—You may say so.

118. He is getting half the net yield that he would have got had he purchased the land?—Yes.

119. According to the figures given by you, it does not give a return of even 5 per cent. Can it come up to 12 per cent. or even 8 per cent. interest or even 6 per cent.?—No it would not give 5 per cent.

120. So, when the money-lender gets possession of the land he gets a return of less than 5 per cent. No further interest is given?—No.

121. So the moneylender, when he takes the mortgage of land with possession, is quite prepared to accept a net return on his capital of less than 5 per cent.?—It all depends on the sum advanced. It is quite possible he might only advance Rs. 50.

122. I want you to contemplate a general case, not an exception. The mortgage debt according to you cannot be less than half the value of the land. If that is so, then the moneylender is prepared to get

less than 1 per cent., rather less than 3 per cent., if he gets the mortgage of the land with possession, because he, too, seems to have a kind of land hunger!—Yes, he gets less than 5 per cent.

123. You say that because an ordinary purchaser of land gets less than 5 per cent., this man, when he mortgages the land for half its price gets only half the yield. He advances half the money and gets half. If the purchaser gets much less than 5 per cent., then he too has got to get less than half so long as he has got the land in possession just like the other.... Yes.

124. We pass on to your answer No. 5 (paragraph 5). You say that "seed grain, if not paid for in cash, is recovered at 25 per cent. in excess of the quantity supplied at the harvest". This being so, the loan is taken in kind and repaid in kind. I want you to consider one aspect of this matter and then answer. At the time the seed is taken as a loan, the price of the seed grain is at its highest and at the time when the loan is returned in kind, the market price is at its lowest. So that when the man gets 25 per cent. more of grain, he has not got 25 per cent. more in value?—Obviously.

125. By what percentage does the price rise between the month of May and the month of October? The price is much higher in May or June than in October. In the month of June and July it is 8 seers per rupee and in October it will be about 10 to 12 seers per rupee.

126. Which means, as a matter of fact, a difference of 25 per cent. to 12½ per cent. in price? Yes, it comes to a difference of 12½ to 25 per cent. in price and making allowance for this the rate of interest works out at a maximum of 12½ per cent.

127. You say in answer No. 6 (paragraph 6), that "it is not usual to grant such loans (*takari*) for maintenance". Why is this attitude taken up by the officials? Loans for maintenance are granted during scarcity only. In ordinary years such loans can also be granted, but people do not have recourse to them in ordinary years.

128. People may have good reasons of their own for not borrowing them. I am talking of the attitude of those who give *takari*. Is their attitude also such as to encourage the belief that *takari* is only given in times of scarcity and not in ordinary years? Yes, it is.

129. But the Government of India has definitely laid down in the Act that it can be given for land improvement and also in time of scarcity. Why has this Administration taken the view that *takari* could only be granted in times of scarcity?—We do not actually refuse such applications in ordinary years, but we do not get such applications except in times of scarcity.

130. Does not that fact prove that except in times of scarcity people find it cheaper or more convenient to borrow from elsewhere than from Government?—I think they have got greater facilities in borrowing from private individuals than from Government.

131. Considering even the high rate that they have to pay to private individuals in ordinary years, do they still continue to show preference?—Yes, they still prefer loans from private individuals except in times of scarcity.

132. Have you ever worked out yourself, in any concrete case of a man borrowing *takari*, the actual expenses incurred in borrowing *takari*, taking into consideration not only the rate of interest charged by Government but also all incidental expenses such as the expense incurred

by the applicant in coming to headquarters, in getting his application written out and at times even paying something to some officials?—No.

133. Are you aware that as a matter of fact not only more time is entailed in getting *takari* but certain other expenses over and above the rate of interest charged have to be incurred?—I do not think that in the case of *takari* they have to incur any such expenses.

134. Are you aware of the common belief that it does entail more expenses?—I don't think so.

135. In answer No. 7 (para. 7), you say that "the *bahra* pays the price of the produce to the cultivator on the same day after deducting certain charges and recovers the amount from the purchaser after 4 days". Does it mean that *bahra* loses interest on his money for 4 days? Yes.

136. In calculating the net commission which he gets on selling the produce, must you deduct the interest for four days from the commission? Certainly.

137. Have you worked out the percentage that this will give?—No.

138. I pass on to your answer No. 8 (para. 8). You say that there is need for long term loans only for the purposes for which *takari* loans are granted under the Land Improvement Loans Act. That means that for long term loans people have the facilities to borrow *takari*, and yet you say that except in times of scarcity people do not borrow. Does it mean that for land improvement no body will apply for *takari*? They do apply but not generally. It is only in years of scarcity that they think of deepening their wells, and apply for loans for land improvement only in such times of scarcity.

139. Could you get us the correct figures of money advanced for improvement of land? If detailed enquiries are made, you will get the figures. I have no connection now with this Department.

140. Does the improvement really yield more than 12 per cent interest on the capital? In some cases it does, in others it does not.

141. In answer No. 10 (para. 10), you say that the co-operative societies are not very popular with the cultivators. One of the reasons seems to be that the co-operative societies actually insist on recovery?—Yes.

142. Is not prompt recovery very essential to a sound system of credit? Yes.

143. Have you looked at the figures of the co-operative societies or the percentage of actual recoveries to the outstanding debt?—No.

144. In spite of the rigidity about recovery Ajmer-Merwara has had in the past rather a bad reputation on account of the outstandings?—I am not aware of that.

145. You suggest now that the village *bahra* constitutes the most convenient financier of the cultivator but that some safeguards are necessary to ensure honest dealings. What part will you allow him to play in the banking system of the country so as to make him really useful to the cultivator?—I would let him continue his banking under the restrictions mentioned in my memorandum.

146. According to what you have said in the very first answer, savings are very little in the mofussil areas, which means there is scarcity of capital. Obviously where there is a real scarcity of capital, the rate of interest must go high. You cannot help it unless you bring capital from outside, and so long as the money-lender is the only person who has got some money in the village, the rate of interest cannot go down.

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Now in order to bring money from outside the rural areas, you must have a banking system with surplus money to offer in the rural areas. This being so, on what lines would you allow that banking system to function and how would you make the *bohra* a useful link as an agent of the bank?—I would suggest loans to cultivators from a co-operative bank without the intervention of the *bohra*.

147. Is there any other agency in the village to do so?—No, there is no other agency.

148. Then the problem is very difficult to solve?—Of course, it is.

149. You are in favour of some kind of regulation of money-lenders' accounts; you have said so in your memorandum. Is the village *hama* to your knowledge a small man or a big man?—He is generally a small man. Some have got their accounts, others of course are not very conversant with account-keeping.

150. What percentage of these money lenders pay income tax?—A very small percentage.

151. They have not got a big establishment of their own?—No.

152. Very often there is only one man who does the whole business?—Yes.

153. In some cases money-lending is only a side show along with other business?—Yes, he is a money-lender, but at the same time he acts as a general supplier and a cultivator sometimes.

154. Don't you think that any system of regulation of accounts means additional expense?—Yes, it does.

155. Considering the scale of his business, is that additional expense possible without raising the rate of interest?—I don't follow.

156. If a man wants to increase his establishment, he must get that additional expense on that account from somewhere, and he can only get this by charging higher price for his loan?—Yes.

157. *L. Bal Kishan*: When did your connection with Merwara cease?—On the 14th September 1929.

158. Then it was only a few months back. You had experience of Merwara for 8 years. You have offered some remarks about the co-operative movement in Merwara. From what sources was your information gathered?—I made inquiries from the villagers.

159. Did you have occasion to inspect very many societies?—I have not inspected any society.

160. You say that the societies are not popular among the people there. Do you know that the number of societies, the number of members and also the working capital have considerably risen in the whole district and in Merwara especially?—I do not know. What I said was based on the information gathered from the villagers.

161. But the number of societies has increased during the last few years?—I have no knowledge.

162. Do you know anything about the working of these co-operative societies in Merwara?—No.

163. Have you any idea as to who prepares these demand statements?—No.

164. Have you any idea as to who appoints these *panchs* about whom you say that the cultivators entertain distrust?—No.

165. Have you any idea as to who disposes of these cultivators' properties on account of which these societies are getting unpopular?—The courts, I believe.

166. Who approaches the courts?—I have no idea.

167. Further, you go on saying that the co-operative societies would prove more useful if the system is worked with discretion and the managing staff is carefully selected. Do you know that in the co-operative societies nearly all the *punchs* are selected by the members of the societies themselves?—I know that.

168. So you made this suggestion because you did not know that they were elected by the members?—Even if they are elected by the members, sometimes on account of their own interests they elect some selfish members. Selection should be made by the Co-operative Department.

169. But you know that the Co-operative Department is absolutely democratic. Will it not become an official business then, if the members are selected by the Department?—The complaint is that very often these *punchs* are not reliable.

170. Are not, then, the members themselves responsible for this?—Yes, certainly.

171. Have you got any experience of the working of the co-operative movement in Ajmer-Merwara?—No.

173. Then the system of co-operative societies worked by the Belgian missionaries in Chota Nagpur, which you mention in your memorandum, cannot be compared with the working of our co-operative societies, since you have got no knowledge of the present state of affairs of the co-operative movement in Ajmer, in order to enable you to say whether the system suggested by you is superior or inferior to the present system? But the results of the Missionaries' system are far better.

174. Your knowledge is based on paper figures only. Have you got personal knowledge?—I have no personal knowledge.

175. *Seth Fithal Das Rath*: Can you give us an estimate of the total area purchased by the non-agriculturists now?—I can't give you any statistics.

176. Why does the land now-a-days pass on to the money-lender?—On account of non-payment of debts.

177. Do the money lenders obtain possession of the land intentionally or on account of non-payment of debts?—Lands are only mortgaged, and if according to the conditions of the mortgage deed the money is not paid, they get possession of the land.

178. You mean to say that the money-lenders are not anxious to purchase the land, but on account of non-payment of the debt they are obliged to take the land?—Yes.

179. In para. 2, you say that loans are incurred for wasteful and unproductive purposes. Cannot these borrowings be stopped by legal measures?—No, I don't think they can be legally stopped.

180. Where is the harm?—There is no harm, but the question is whether it can be done.

181. Will there be any opposition to such a legal measure?—That is interfering with personal liberties.

182. Why do people go more often to the village money-lender than to the bank for purposes of obtaining loans?—Because they have to take greater trouble in getting money from co-operative societies.

(The witness withdrew.)

Mr. J. A. De-Souza.

Mr. P. RAWAT, Tehsildar Ajmer.

Replies to the questionnaires.

183. 1. According to the census of 1921, there are 78,499 houses in the villages (excluding towns) in the District of Ajmer-Merwara, 10,748 houses in the villages in Ajmer *Istimrar* area and 24,885 houses in the villages in Ajmer-*Khalsa* area. The total population of these villages is 330,574 of which the agriculturists number 257,514, i.e., 78 per cent. of the total population of the villages are agriculturists. Thus out of the total of 78,499 houses, 68,294 are the houses of the agriculturists in the whole district and out of 10,748 and 24,885 total houses, 8,333 and 19,418 are the houses of the agriculturists in the Ajmer *Istimrar* and *Khalsa* areas, respectively.

184 The following is an abstract of the information received from the Inspector of Co-operative Societies, Ajmer.

Serial No.	Name of Sub-Inspector's Circle.	No. of Societies	Total No. of members	Societies' Loan	Average Loan of a member.
				Rs.	Rs.
1	Ladpura	17	391	69,617	177
2	Saradhna	22	517	1,20,410	233
3	Makhupura	17	473	68,196	146
4	Pushkar	11	328	58,563	180
5	Jethana	11	270	53,230	197
6	Bad societies	11	255	71,100	280
	Total	91	2,234	4,40,531	197

From this it would be seen that the average debt of a member is Rs. 200. Besides, the members owe money to *bahras* and mortgagees at least about 20 per cent of the sum due to the societies. Therefore the total average debt of a member or a house would be Rs. 250. Local summary enquiries in the villages confirm this result.

185. The existing indebtedness of the agriculturists would thus amount to:—

1. Whole district 68,294 × 250 = Rs. 1,70,73,500
2. Ajmer *Istimrar* area 8,333 × 250 = Rs. 20,83,750
3. Ajmer *Khalsa* area 19,418 × 250 = Rs. 48,54,500

Of the total debt nearly 75 per cent. is on the security of land and the remaining on other securities or as personal loans.

186. It is not possible to give figures separately for the various purposes stated in the question as to how much debt was incurred for a particular purpose. Debts are, however, incurred for all the purposes stated therein according to the necessity, except that no debts have been incurred for improved agricultural implements or education of children.

187. Growth of debt by compound interest, interest not having been paid, takes place in most cases because the district has, very frequently, to face bad years owing to failure of monsoons. Very few of the

agriculturists are free from debt; and all owning more than an economic holding, for owning less than it, are encumbered with debts. It is not only the mere necessity which compels them to borrow loans but most of them are extravagant in their habits and are prepared to borrow all available loans, not even minding what interest they may have to pay. When hard pressed with debts, they have to live a life of a poor man in spite of owning more than an economic holding. There are no agriculturists owning land above 100 acres, who borrow loans.

188. Illiteracy is one of the main causes, and spread of education would, to an extent, prevent them from irrational borrowing. Propaganda should be carried on by the Co-operative, Agricultural, and Revenue Departments discouraging them from borrowing for unproductive purposes by explaining the evils of such borrowing to them. Education and propaganda can lead them to borrow loans for productive purpose.

189. These debts are largely due to indigenous bankers and professional money-lenders. The Government, too, advances *takari* loans which at present amount to Rs. 42,680 in the Ajmer Tehsil. Co-operative societies, too, lend money to agriculturists; and facts and figures will be available from the statistics of the Co-operative Department.

190. 2. The Government charges interest at $6\frac{1}{2}$ per cent. per annum which is calculated at the time of advancing loan, according to the instalments fixed for repayment and practically no extra interest is charged for instalments overdue. The co-operative societies charge 12 per cent. per annum. As for indigenous bankers and professional money-lenders, the nominal rate of interest charged is generally 12 per cent. per annum at compound interest but practically they charge much higher interest in the following ways

- (a) *Kata* (a sum to be deducted at the time of advancing loan) which ranges from 2 per cent to 10 per cent according to the *Haisyat* of the borrower
- (b) They receive the produce of the agriculturists about 10 per cent. cheaper than the market rate
- (c) In advancing loans in kind they charge 5 per cent. higher than the market rates.
- (d) They receive commission, known as *Arat*, from the *Bepari* from whom they get things sold to an agriculturist.

191. Repayments are enforced generally at crop time by all sorts of creditors, which result in compelling the borrower to sell off the produce of the crop, immediately or in a very short time.

192. 3. I have no suggestion to make regarding improvement in the existing legislation and legal procedure.

193. 4. No.

194. 5. No.

195. 7. There are very few *zamindar* money-lenders; and it is not customary in this *tehsil* to extract personal service or any form of labour in lieu of interest on loans from borrowers

196. 8. Not known to me in respect of debts of the agriculturists in this *tehsil*.

Mr. P. Rawat.

197. **Q.** Yes, so far as is known to me.

198. **A.** It may be enacted that approved money-lenders should do money-lending to agricultural classes, and there should be a Government check on their accounts which should be kept in a prescribed form. Maximum rate of interest should also be fixed at 12 per cent per annum.

199. **A.** No.

B.—FINANCE FOR AGRICULTURAL PRODUCTION

200. **A.** 12. As stated above there are no agriculturists owning land about 100 acres or more in this tehsil. The agriculturists obtain finance for expenses during cultivation generally from the *bahras*, or from co-operative credit societies by way of loan; and for capital and permanent improvement they generally obtain finance from Government in the form of *takari* loans, while for other special needs they obtain finance from Government, *bahras* and co-operative credit societies.

201. The finance from Government and co-operative credit societies are in cash while the *bahras* advance in kind, i.e., seed, agricultural implements, provision for household consumption and cattle, to the extent of 75 per cent of the loan advanced by them. The rates of interest have already been given in answer to question No. 2.

202. The periods of loans for (a) and (c) are generally one year and for (b) 2 to 10 years. The security given for (b) is generally land, and in case of (a) and (c) the security offered and accepted consists of standing crops, lands, house property and ornaments. In case of advances in kind (grain), the condition of repayment is, that the quantity of grain to be repayed increases by 25 per cent on every crop. The rates of interest charged by *bahras* are exorbitant. The interest on loans advanced in kind is higher as explained in answer to question No. 2.

203. The part played by Government, the co-operative societies and *bahras* in financing agriculture has been stated above. The other agencies do not do money-lending to the agriculturists. The co-operative banks finance the co-operative credit societies for financing agriculturists.

204. **A.** 13. The cultivator does not freely borrow *takari* under the Agriculturists Loans Act. The reasons are that every application for loan is first enquired into and scrutinised as to the real need for the loan, and the cultivator does not like that enquiry as he wants to borrow loans sometimes merely for extravagance. At the same time the cultivator knows that the Government can enforce repayment of the loan by keeping him in custody, and by attachment and sale of his immovable property without going to any court, while he can evade payment to other agencies. There are no defects in the working of the Act.

205. **A.** 14. There is no co-ordination among the various credit agencies.

206. **A.** 15. The present system of financing agricultural production by *bahras*, carries a high rate of interest and in cases of loans advanced in kind the articles supplied, too, are, in some cases, of inferior quality; and in cases where the seed supplied is of inferior quality, the cultivator suffers loss in the produce of the crop.

207. All creditors demand repayment at harvest time, which results in compelling the cultivator to sell off the produce at once; so, he is deprived of the profit that he would have got by the sale of the produce at more favourable rates later.

208. The defect as regards the dealings of *bahras* will be minimised by the enactment suggested in answer to question No. 10. As regards the demand by creditors at harvest time there is no remedy, because the cultivator is liable to squander the produce, if it is left with him for some time, and the creditors would not be able to make any recoveries.

209. 16. The total amount of capital required for expenses during cultivation and for other special needs may be taken to be Rs. 50 per house and the total capital required for such expenses is:—

	Rs.
Whole District	68,294 × 50 = 34,14,700
Ajmer <i>latimari</i> area	8,383 × 50 = 4,19,150
Ajmer <i>Khatas</i> area	19,418 × 50 = 9,70,900

210. The capital required for capital and permanent improvements may be taken to be Rs. 1,50,000 for the whole district and Rs. 50,000 for the Ajmer Tehsil.

211. The capital at present available is adequate for the purpose.

C.—FINANCE FOR MARKETING.

212. 17. Ajmer, Pushkar, Nasirabad, Bijaynagar, Harmara and Pisingam are the marketing centres in the Ajmer Tehsil for all crops. Benwar, Kekri, Dawair and Bhim are other marketing centres in the whole district.

213. 18. The produce is generally purchased by a local *bahra* or a local *bania* at the villages. These purchasers and in some cases the agriculturists cart the produce to the marketing centres, where it is sold through *artias* (commission agents) to those who stock it or export it, whichever they find profitable. The cultivators have mostly to sell off the produce within a short time after harvesting and keep only sufficient grain for their consumption. They are not able to stock the produce because the creditors make very strong demands for payment at the harvest time.

214. No debts are incurred for marketing. The rate of commission (*arat*) varies from annas 8 to Rs. 1 8-0 per cent. Other incidental charges, *dharmada* (charity) and wages of weigher amount to 8 annas to one rupee per cent.

215. 19. Storing is done very seldom by agriculturists. It is possible for them to use the grain stored as security but that question does not arise.

216. 20. Agriculturists have got small holdings and the produce is small, and that too is not allowed to be stored, there the question of such warehouses does not arise at present.

217. 21. No credit facilities exist or are used at present for financing produce during marketing, because the produce is sold off by the cultivator very soon after harvesting, being compelled to do so by creditors. If there could be opened warehouses in every village where the produce could be stored and 75 per cent. of the value could be advanced to the cultivator, he could make payments to the creditors and the produce could later on be sold more profitably. The co-operative banks should keep such warehouses and in case they stand in need of more money, they should share the expenses temporarily with other banks or Government.

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218. 22. None.

219. 23. There are possibilities if the monied men in towns are persuaded to form such pools by means of propaganda.

220. 24. No bills are used in internal trade

D—LONG PERIOD LOANS FOR AGRICULTURE.

221. 25. No appreciable demand for long term loans.

222. 26. To any extent required.

223. 27. Yes, the agriculturist freely borrows under the Land Improvement Loans Act. No defect.

224. 28. The value of an acre of land in this Tehsil is as under :

	Ra.
Chahi	375
Talabi	250
Abi	150
Barani	100

225. Yield of land of average quality is about one sixth of its market value under normal conditions.

226. The value of the land is regulated according to its productive power as well as according to the needs of the sellers and purchasers. No lands are auctioned for non payment of land revenue. The value of land sold by court decree, is in most cases less because the purchaser is aware of the urgency of the sale. In other cases if the seller is more anxious and has to look for purchasers he gets ordinarily the prices stated above and in case the purchaser is more anxious, the prices go higher.

227. 29. Legal impediment is only for usufructuary mortgages for more than twenty years. It does not affect the agriculturists adversely to borrow capital for long periods

229. 31. There are co operative land mortgage banks. They are formed with share capital and are financed by co-operative central banks. They advance loans on registered documents for which no registration fee is charged by Government

232. 34. The value may be estimated at six times the value of the annual yield of the land.

234. 36. No improvements required. The mortgage banks should be able to obtain arbitration awards from the Registrar of Co-operative Credit Societies for purchase and sale of land mortgaged in the event of non payment by the mortgagor

E.—INDUSTRIES—SUBSIDIARY TO AGRICULTURE.

235. 38. The only subsidiary industry in this tehsil is rearing of cattle and goats; and that is not suffering from lack of capital.

236. 39. The industry of hand-spinning and weaving could be encouraged, if the co-operative societies supply material and machines of their own and pay for the work done by agriculturists on them.

237. 40. The roads are fairly good for carting the material. Hand-weaving and spinning as suggested above can give employment to the cultivator outside crop season.

F. RURAL CO-OPERATION.

238. 41. Some of them also receive deposits.

239. 55. *Muhajana*.

240. 56. These money-lenders, almost all, carry on trade in articles of the produce of the agriculturists and the articles required for consumption by them. There are very few who do only money-lending.

241. 57. As in answer to question under agricultural indebtedness and finance for agricultural produce.

Two kinds of *hundis* are used; one *darshani* and the other *muddati*. Only *darshani hundis* are used for remittances of money from one place to another in the district, in place of money or currency notes. They are generally used in the stage of marketing. (For samples *vide* para. 261).

242. 60. Replied in the answers above. The indigenous bankers grant loans, either on registered mortgage deeds of lands or getting *khatas* executed by the borrowers in their *bahis*. The rates of interest are given in answer to question No. 2

244. 61. The *bohras* borrow funds from the big shroffs of the city when necessary. No estimate of their deposits can be given.

245. 62. Very few deposits are received by these *bohras*. If received they pay 6 per cent. The *sahukari* rate is 6 per cent.

246. 63. Already replied in answer to question No. 2. These rates could be brought down if the borrowers show promptness and regularity in payment.

247. Yes, the reduction of the rate of interest would certainly increase the resources of the agricultural community.

248. 64. There is no prejudice against the indigenous bankers, though their dealings are not on sound lines. The enactment suggested in answer to question No. 10 will remove the defects.

249. 65. This return varies from 6 to 18 per cent.

250. 66. They are, in some cases, obliged to refuse demand for loans for want of capital.

251. 67. The *hundis* are the only facilities for internal remittance.

252. 69. There is some money which does not find employment throughout the year, and for that reason it is deposited with *sahukars* in Beawar, Ajmer, Nasirabad, and Kekri.

253. 70. *Hundis* for sums below Rs. 100 are sold upto Re. -/12/- per cent. below par and for sums above Rs. 1,000 upto Re. -/4/- per cent.

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below par in cotton season and in other seasons the rates vary from Re. -/4/- per cent. below par to Re. -/4/- per cent. above par.

254. 74. Their attitude will be of opposition.

J.—INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

255. 79. There are very few who invest anything at present because any savings over the expenditure have to be paid to the creditors.

256. 80. There is no capital saving.

257. 83. Very few farmers are in a position to lend money to fellow agriculturists. When they do such lending, they generally do on the same terms as *bahras*. Surplus money, in a prosperous year, is paid to creditors and in case there is no debt, they buy silver and gold.

258. 85. Yes, because the people think it risky to make such investments.

259. Purchase of Government securities, purchase of Postal Cash Certificates, Post Office Savings Bank and Life Insurance Companies are the existing means and institutions for encouraging savings and investment habits. Public is provided with full facilities for investing their savings. The condition of not allowing interest for the first year on Postal Cash Certificates may be removed; and Post Office Savings Banks be started at the village post offices where they do not exist at present.

260. 86. Yes, they are popular but they could be made more popular if the condition of not allowing interest for the first year were removed. The rate of interest, too, may be increased a bit so that a certificate bought for Rs. 75 may fetch Rs. 100 after five years. The Post Office Savings Banks offer all facilities. Generally the employees in Government and Railway Departments and some mill coolies resort to this form of investment. Propaganda can attract other classes.

261. Samples of *Hundi*.

HUNDI PAYABLE AT SIGHT.

Begins with usual compliments

Whereas Rs. 1,000 (Rs. one thousand) only double of Rs. 500, the half, have been deposited here by (name of depositor) on (date of deposit) hence on receipt of this *Shahjog Hundi* the amount must be paid in current coin.

Date of issue.

Signature of owner or *munim* of the firm.

HUNDI PAYABLE AFTER A SPECIFIED PERIOD.*Begins with usual compliments.*

Whereas a sum of Rs. 1,000, the double of Rs. 500, the half, has been deposited here by (name of depositor) on (date of deposit) you are hereby asked to pay the amount of this *Shahjog Hundi* in current coin after _____ days on maturity.

Date of issue.

Signature.

FIRST LETTER OF CREDIT.*Begins with usual compliments.*

Whereas a *Hundi* for Rs. 1,000 (Rs. one thousand) double of Rs. 500, the half, deposited by (name of depositor) was issued on (date of issue); the payee says that the *Hundi* is lost. If so, you should carefully examine your *Roznamcha*, Ledger, Cash Book and *Nakal* and then honour this letter of credit. If you have already cashed the *Hundi* then this letter of credit may be considered as cancelled and you may return it after reading. We have drawn 2 *sanads* on you but credit for one will be given.

Date of issue.

Signature.

SECOND LETTER OF CREDIT.*Begins with usual compliments.*

Whereas a *Hundi* for Rs. 1,000 double of Rs. 500, the half deposited by _____ payable on sight was issued on _____ and a letter of credit for the same was issued on _____, the payee says that both of them have been lost. If so you should carefully examine the *Roznamcha*, Ledger, Cash Book and *Nakal* and then honour this letter of credit. If you have already cashed the *Hundi* or the 1st letter of credit then this second letter of credit is cancelled and you may return it after reading it. We have drawn 3 *sanads* on you but credit for one only will be given.

Date of issue.

Signature.

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Mejar.

GREETINGS FROM SHROFF PANCHS OF

TO THE SHROFF PANCHS OF

Whereas a *Hundi* for Rs. 1,000 was drawn by ——— in favour of ——— payable on sight and a letter of credit was issued on ——— and a second letter of credit was issued on ——— but the payee says that the *Hundi*, the 1st letter of credit and the 2nd letter of credit all have been lost. If they have been lost you should carefully examine your *Roznamcha*, Ledger, *Nakul* and Cash Book of the drawee and then honour this letter, *Mejar*. If the *Hundi* or any letter of credit has been cashed then this *Mejar* is cancelled and you may read and return it. Four *sanads* have been drawn upon the drawee but credit for one will be given.

Date of issue.

Signature.

Witness.

Witness.

Witness.

Witness.

Witness.

Oral Evidence.

266. *Chairman*: How long have you been the *Tehsildar* here?—I have been the *Tehsildar* here from July last but before that I was here for two years. I joined Government service in 1917.

267. What posts have you held?—I was *Tehsildar* first at Mount Abu for three years, then for about 3 years at Todgarh, and afterwards I was *Tehsildar* for 4 years at Beawar, but during that period I came to Ajmer for short periods, and now I am the permanent *Tehsildar* here.

268. The figure of average debt that you have given is based on the co-operative bank figures?—I calculated it on the co-operative bank figures, and then I also went round to villages and after making enquiries arrived at about the same average.

269. What is an economic holding in your *tehsil*?—In Ajmer *Tehsil* an economic holding consists of five *bighas* of *chahi* land with about 5 *bighas* of *talahi* and 10 to 12 *bighas* of *barani*.

270. What is *abi* land?—Land in the bed of tanks or irrigated by torrent, etc. But this is only an average of an economic holding. In some villages the land is poor and more area is required to form an economic holding. 2½ *bighas* make an acre.

271. Is the major portion of debt incurred for unproductive purposes, in your opinion, or for productive purposes?—In my opinion it is mostly borrowed for unproductive purposes.

272. Can you limit in any way the discretion of the borrower to borrow for unproductive purposes?—I do not quite understand your question.

273. Would you restrict his capacity to borrow?—Yes, if that could possibly be done; it would certainly be of great advantage to the borrower.

274. How could it be done?—It could only be done by some legislation; otherwise they should be educated so as to be able to look to their interests.

275. But education will take a long time—Yes, certainly

276. Is it easy for *zamindars* to secure *takavi* advances, or, are more facilities required for obtaining such advances?—There are no difficulties in getting advances, but as it is generally the idea on both sides, i.e., the cultivator and the administration, that *takavi* is meant for scarcity years, though it is nowhere so laid down people don't apply except in scarcity years. In special cases we do give *takavi* in ordinary years for land improvement and also for maintenance, but generally the belief is that this course is to be taken only in scarcity years. So it is only in such years that applications are made, but they are granted, only when there is need; no special advances are made. The facilities available are quite up to the mark.

277. Would the *zamindar* go to the indigenous banker or *bania* rather than apply for *takavi*?—He does not prefer to go to the *bania* when he can get *takavi*.

278. Have you any personal knowledge of the co-operative movement?—I have not been in official touch with the Co-operative Department, but so far as I know I find that the working of these societies is improving and they are getting more popular. However when I came to this District they were not so popular as they are to day, and some of the societies were so badly handled in those days that many of the members became bankrupt and they had to sell off their lands and become coolies and labourers, because, the idea of the workers, the *punchs* and every body was probably to increase the number of societies and then to issue loans. That was in the beginning, but when the question of recovery came in, and difficulties were experienced on both sides, they became conscious of their respective responsibilities and loans began to be advanced with caution, and conditions have improved since.

279. Are there any *zamindars* in your tehsil who carry on money-lending business as well?—Not many, very few.

280. What are their methods?—When they do money-lending, they adopt quite the same methods as are employed by the money-lenders.

281. Is the rate of interest the same?—Yes.

282. Are the means of recovery the same?—Everything is the same.

283. What are the sources of irrigation?—The sources of irrigation are only tanks and wells.

284. What is the average rainfall?—For Ajmer it is 22 inches.

285. *Prof. Chabiani*: You assume in answer to question No. 1 that the money due to *hokras* and money-lenders is only 20 per cent. of the sum due to the societies. On what basis do you make this suggestion? Is it

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based on your personal inquiries?—In one or two villages I made some rough enquiries while making the family budgets of some of the cultivators, and on the basis of the information I then collected, I calculated this as 20 per cent.

286. I will take the case of the co-operative societies. Did you have a look at the *hukisgat* register of these co-operative societies?—No, I did not.

287. Then in estimating on the basis of these figures of the co-operative societies that the total average debt of a member or a house is Rs. 250, you assume that the average man who is not a member of a co-operative society is in debt to the same extent?—Yes.

288. Are you aware that in accordance with the reports of co-operative societies those who were highly in debt for a long time, became members of the co-operative societies in the early stages of the movement?—I don't know.

289. Do you think that the average member of a co-operative society is a fair sample of the agriculturists who are in debt? From the inquiries that have recently been made by me I came to this conclusion.

290. In which villages did you make the inquiries?—In Arjanpura.

291. Would you give us a glance at the papers?—I made the inquiries in connection with the intensive survey to be completed.

292. Then you have no other information?—No.

293. Then you tell us that nearly 75 per cent. of the debt is on the security of land. On what is this information based?—That is only my general idea and information. It is not based on any facts and figures.

294. You did not try to verify by having a look at the registers of the co-operative societies?—No.

295. Then this is also guess work?—Yes.

296. You talk of the restrictions on credit, because you think that debts are incurred for unproductive purposes. Have you ever looked at the family budget of a typical peasant proprietor and found out what the percentage of unproductive expenditure is to the necessary expenditure in a year? I prepared a family budget in Dunra and another in Arjanpura village.

297. Will you send us these details?—Very well.

298. You have put down in these papers the unproductive expenditure also?—Of course whatever they said I have put down.

299. What percentage of these peasants in your jurisdiction have got an economic holding? What do you think is the average number of acres that a man must possess in your *tehsil* in order to make two ends meet, supposing he is not in debt?—Two acre of *chahi*, two acres of *talabi* and *abi* and four acres of *barani*.

300. You mean in all 8 acres; and roughly the proportion of *chahi* to *abi* and *talabi* land is that much?—Yes.

301. You would take the yield of these 8 acres in a good year, or in a bad year or in an average year?—In an average year.

302. How many good years do you get say in 6 years?—In six years we have two good years, two average years and two bad years.

303. You say that 8 acres in an average year will do. Now what will be the economic holding amounting to when two years in six years will be bad; would it be 8 acres multiplied by $1\frac{1}{2}$?—In good years the harvest is more.

304. So the good years balance against the bad years?—Not altogether.

305. Do you think that from 8 acres he can save sufficient to meet the difficulties of the two bad years?—Yes.

306. Suppose he has to pay some interest on his debt?—I did not take the question of interest into consideration.

307. Supposing he has to borrow for his current expenses for productive purposes. Should not that be taken into account?—Yes, in that case the economic holding should be increased.

308. Supposing we calculate 12 per cent. as the rate of interest, what would be the economic holding then?—The economic holding should be raised by about 10 per cent.

309. Which will make it about 9 acres?—Yes.

310. What percentage of the peasant proprietors in this part of the country with which you are concerned has actually got so much as 9 acres?—There are about 50 per cent. who hold about this much.

311. Could you give us the figures of people who own between 3—5 acres, 5—10 acres, 10—20 acres and so on?—I shall have to find out from the *kherwats*.

312. Is not such information readily available?—No. Of course during the intensive survey the required information will come out.

313. Then this Province seems to be very deficient in statistics of all sorts?—May be.

314. You say that the debts are due largely to indigenous bankers and professional money-lenders. Do you make any distinction between the two, the indigenous banker and the money-lender?—I don't make any distinction. I have taken both as one.

315. Is there any substantial difference in the methods and the rates of interest charged by these two classes?—Money-lending is mostly done by the village *bania*; indigenous banker is a town man.

316. Do you think that within any measurable time you can eliminate this village money-lender?—Kindly repeat your question.

317. Do you think that within any measurable time you can do away with the village money-lender financing agriculture as he does at present, say in 10 or 12 years?—In course of time he can be replaced.

318. By whom?—By these indigenous bankers as you call them.

319. You mean to say that the town shroffs will come into the field and compete with these money-lenders?—There are persons of the type of indigenous bankers of the town. These town people will of course come in.

320. Would you give the indigenous banker any particular privilege as against the money-lender in order to accelerate the process of replacing the money-lender by the indigenous banker?—He has to be given some privilege over these people, otherwise he will not come.

321. Do you find in your *tehsil* any appreciable number of people among the cultivators who do money-lending?—There is not an appreciable number of these people. There are very few people among the *zamindars* who do money-lending.

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322. Is it because they don't wish to take the land or because they have not got the money to buy it?—They have not got money to purchase the land.
323. Where an agriculturist has got money and takes to lending he can in course of time get the land also?—Yes, certainly.
324. While the money lender cannot get land now-a-days?—Yes.
325. The rates of interest charged by the agriculturist money-lender as well as by the ordinary money-lender are the same, you say. So even with a better security the agriculturist money-lender does not decrease his rate of interest?—No.
326. You say that the normal rate of interest charged is generally 12 per cent. at compound interest. Are you taking the actually realised rate of interest or merely the documentary rate of interest?—This is the documentary rate of interest.
327. What is the actual rate of interest that the man gets, considering that he may have to file a suit and then execute his decree, and considering the fact that the man whom he lends has not got much security to offer, because his land is safe?—In the conditions that have been stated his return may be about 14 per cent.
328. I am afraid you have not followed my question. Supposing a man has to pay 12 per cent. In many cases the creditor has to file a suit, obtain a decree, and in some cases he has to execute his decree and in some cases even after the execution of the decree he gets nothing. Have you any concrete case which you may have followed right from the time of lending up to the time of actual realisation of the money advanced? I have no concrete case to quote.
329. What is your impression about the net return? Is your impression that the money-lender realises so much based on any actual facts that have come to your knowledge? I want to know the actual facts. On what is your impression based?—I have come across many cases in the course of tenure of my office here.
330. Have you followed a single case from the beginning to the end?—No.
331. You say that the money-lender advances loans at rates 5 per cent. higher than the market rate. When you are talking of market rate, do you mean the market rate on the security of unsaleable land, or market rate on good security?—When he advances loans in the shape of commodities.
332. When does the agriculturist borrow for cultivation expenses; in what month?—For the *kharif* he borrows in the month of June.
333. When does he repay?—In December.
334. When the agriculturist borrows in kind and repays in kind, what is the usual rate?—The usual rate varies from about 12½ per cent. to 15 per cent.
335. In the month of June the price of the commodity that the money-lender gives is the highest, and in the month of October when he receives back it is the lowest?—Most of these village *banias* do like this that when the produce is collected, the whole quantity goes to the *bania*
336. I am talking of the loans paid in kind and repaid also in kind?—Then the commodities are changed in the shape of money

337. I am talking of the loan for cultivation purposes such as seed, etc. ? For that they charge 25 per cent.

338. In June when the seed is given by the money-lender, are the prices higher than in the month of October when the money-lender receives back his loan in kind ?—The price is lower in October.

339. By what per cent. ?—By 15 per cent.

340. Then in calculating his rate of interest, we must deduct this 15 per cent. from his 25 per cent. ?—Yes.

341. You say again that they receive commission on the goods sold. Does not every businessman pay commission to the man who sells on his behalf ?—When the *bahra* sells something for any *beopari* to any other merchant, he gets commission from that *beopari*.

342. So, as a matter of fact, he gets commission from the *beopari* just as much as from the agriculturist. As business goes on in the world, in Bombay, in Calcutta, and everywhere, anybody who sells goods on behalf of another gets a commission. That is not interest; that is for services rendered in selling ?—Yes.

343. You say again that there are very few *zamindar* money-lenders. Do not *zamindars* wish to buy land with as much as they can save ?—Those who can save do buy land.

344. And those who buy the land would also wish to take the land on mortgage first ?—Yes.

345. If 50 per cent. of the people can save, surely the number of persons who may have desired to take land on mortgage and subsequently to buy the land may be appreciable, or your figure of 50 per cent. is incorrect ?

But these people are not managing their affairs according to their income.

346. But some percentage of these 50 per cent. must be managing their affairs alright ?—Very few.

347. How much of the land in your tehsil is actually mortgaged by agriculturists to agriculturists ?—I can give you the figures from statistics.

348. Can the figures be had for the Ajmer Tehsil ?—No. I can give you the figures collectively for one place.

349. Have you no return to show how much land is mortgaged to agriculturists ?—You can get these figures from the Registrar's office, but he puts the mortgages, rural and urban together.

350. But surely there must be some record in the village register showing to whom the land is mortgaged ?—Yes.

351. Since 1914, is more land mortgaged or sold to the agriculturist or to the non-agriculturist ?—To the agriculturist.

352. Have you looked into one or two villages ?—But not so as to compare the figures.

353. Are the rates of interest of the agriculturist money-lender as high as those of the ordinary money-lender ?—They are the same.

354. You say that a law should be enacted that approved money-lenders should do money-lending to agricultural classes. On what ground do you justify that restriction of private enterprise ? Will you allow only an approved agriculturist to cultivate land ?—No.

355. Would you say approved traders alone should trade ?—Simply because people here in Ajmer-Merwara are so backward in education that they cannot keep their accounts.

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356. Similarly you might say that the agriculturist is suffering because he is ignorant, doesn't know how to farm land. On what general ground do you justify this restriction of private enterprise?—The people with whom they deal are not people who understand calculations.

357. Would you put this restriction without conferring any privileges for recovery? Would you leave the money-lender in the same position as he is, making recovery difficult for him? After having removed the evil by restricting money-lending to approved people, would you leave these approved people without any means of recovering their money or will you give them any privileges? Government has the facilities to recover their money. Would you give these money lenders the same facility for recovery? Supposing they conform to the rules of the co-operative societies, would you extend to them the same privileges?—Yes. They should be given the same privileges.

358. Would you make the land unsaleable when the debt is such that it cannot be repaid? You cannot at present sell the land if the Collector does not give sanction?—Yes. It is given in favour of non agriculturists in this province.

359. What is the percentage of such cases? At present it is not less than 25 per cent.

360. Would you then make that percentage greater in the case of approved money lenders who conform to all the regulations?—Yes. They should be taken as agriculturists in all respects for buying land.

361. Is the money-lender a big man or a small man in the villages?—In the villages he is a small man.

362. Generally, is money lending a side show of this small man or his chief business?—It is his chief business and his side-show is trading. He trades with his *assants* mostly.

363. Is the profit from trade and business larger than that from money lending?—Interest and income from the mortgaged lands is more paying than that from his other business.

364. Does the ordinary money-lender get the land mortgaged with possession?—With possession it is a lease for 20 years, and without possession they take only *bata*, or a share from the cultivator, and in that case the limit is not 20 years.

365. What percentage of the total price of the land is the mortgage debt generally? For instance, if the price of land is Rs. 200 per acre, how much will the money-lender advance on the mortgage of one acre of land usually?—Not more than Rs. 100.

366. And not less than how much?—It always depends on the price of the land.

367. Will the *zamindar* mortgage his land if he gets one fifth or one-sixth of the value of the land? Is the mortgage debt mostly on small pieces of land or for big plots of land?—For small pieces of land.

368. Can you put down the mortgage debt as half the price of the land or one-third the price of the land? If you say most of the debt is on the security of the land, if I put down one-third of the value of the land as the mortgage value, will that be the total debt of the land-owners?—Yes, it will be about that.

369. What is the yield of the land per acre as compared with the mortgage debt per acre?—About one-third.

370. That is, a man lending Rs. 100 will get Rs. 33?—Not under the present system. I thought you were calculating the whole debt.

371. Will he get Rs. 33 to-day?—No. On Rs. 100 he would get about one-sixth of the mortgage value or one-fifth.

372. That is about 20 per cent.?—Yes.

373. That means if a man gets Rs. 60 from the land, according to you the price of the land would be three times Rs. 300?—To-day the mortgage value is not only one-third.

374. You said it was so?—I said about the whole debt. I have said that the mortgage price that can be obtained is generally 50 per cent.

375. You said one-third?—I said one-third for the whole debt.

I am talking of the mortgage debts generally. What is the percentage of the mortgage debt to the total value of land on an average?—It is 50 per cent., not one-third.

376. Take a concrete case. If the value of the land is Rs. 200, on Rs. 100 what will be the yield?—He will get Rs. 33.

377. A money-lender does not cultivate himself, he gives it to a tenant?—Yes.

378. If the total yield of the land is 66, half goes to the money-lender and half to the cultivator?—The yield of the land is 30 per cent.

379. What is the share of the money-lender? It is 16½ per cent.

380. He gets Rs. 16 on 100, the cultivator also gets 16 per cent. Take another case. A man owns a land, cultivates it himself. What will he get?—He will get 33 per cent.

381. He will get 33 per cent. in which remuneration for his own labour is included. Exclude that, what will he get then?—He will get one fourth of that.

382. About 8 per cent.?—Yes.

383. Even according to your calculation when the money-lender gets the land with possession, does he get 12 per cent. compound interest?—No.

384. Does it mean that the money-lender is quite content with a much smaller return if he lends on mortgage?—No. He has to take the land because he is not able to get the money in other ways.

385. His only remedy is to get the land with possession?—I do not say that much of the land is mortgaged with possession.

386. When he gets a mortgage with possession he gets a smaller return. Therefore he could not be anxious to get possession?—Rather he avoids taking possession.

387. The advances from Government through co-operative societies are in cash, while the *bahras* advance in kind: seed, agricultural implements, etc., to the extent of 75 per cent. of the loans advanced by them?—When it is given in kind they write the price in their *khatas*.

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388. Excepting when the loan is to be repaid in kind?—Yes.

389. You say in answer to Question No. 12 that "the security given for (b) is generally land and in case of (a) and (c) the security offered and accepted consists of standing crops, lands, house property and ornaments". You say for permanent improvement the security given is generally land?—Yes. That loan is generally obtained from Government.

390. You don't talk of Government? I have said that this loan is generally advanced by Government.

391. Do you mean that the Government takes security of the land?—They don't.

392. Do the Government mortgage the land?—They don't mortgage the land.

393. Is it saleable in the case of *takari*?—Yes. The loans for improvement of land are mostly from Government.

394. That means they are not from the money lender?—But he has got security of land for loans for other purposes.

395. I am talking of purpose (b) of Question 12. Does he advance for this purpose?—In very few cases.

396. In those cases he could not have the security of the land?—He may or may not have.

397. What does a mortgage of land mean in this Province?—It means land on lease for 20 years. As said, they do not give mortgage with possession and the limit is 20 years.

398. You yourself say that much of the land is mortgaged with possession?—I am saying that there is no mortgage with possession.

399. If much of the land is not mortgaged with possession, then this money lender has no security of land? The land is not in his possession but he takes documents.

400. But the documents mean only the right to take possession. Supposing a land is mortgaged for 20 years. If ten years pass away, there remain only ten years for possession. The period may not be sufficient for recovering the full amount? It does not necessarily mean ten years for possession. He can take possession at the end of 10 years. If he takes possession after 20 years the Collector may cancel his accounts.

401. That means he depends on the Collector. He has no legal remedy. That is so.

402. Can the Collector extend the mortgage for more than 20 years?—Yes, he can give possession after 20 years.

403. In how many cases has he done so? I know of only two cases during my time.

404. For how many years have you been a Tehsildar? For 9 years in this district.

405. Regarding the Agriculturists' Loans Act, you say "every application for loan is first enquired into and scrutinised as to the real need for the loan, and the cultivator does not like that enquiry". Then how do you propose to help him to educate himself in the right use of loans?—My proposal is that he may be educated.

406. Taking him as he is, what can the licensed money-lender do to ensure proper use of his advance if this man resents enquiry?—On that man we have to keep a check.

407. You propose restrictions on one man, the other party refuses to allow him to make any enquiry and yet you propose no restrictions on him?—(No answer).

408. In answer No. 18 you say "the total amount of capital required for expenses during cultivation and for other special needs may be taken to be Rs. 50 per house". On what do you base this, guess work or enquiry?—Not on any particular enquiry. It is an estimate.

409. In answer No. 20 you contradict yourself. You just now said that 50 per cent. of the people have got the capacity to save. Here you say the agricultural holdings are too small! This I have said . . .

410. Please read answer to question No. 80. You say there is no saving, although 50 per cent. have got the capacity to save. How do you reconcile these? I mean that they spend in an irrational manner.

411. Fifty per cent. of the people are extravagant?—I think so.

412. Have you made any enquiry into any village?—I cannot say.

413. You say about warehouses, "If there could be opened warehouses in every village where the produce could be stored and 75 per cent. of the value could be advanced to the cultivator, he could make payments to the creditors, etc." Have you estimated the cost of warehouses in any village?—No.

414. An average village consists of 500 people. A warehouse requires a *choukidar*, etc. Have you calculated the cost of that warehouse? That cost must be met from the agriculturists?—I did not calculate all this.

415. You say "the yield of land of average quality is about one-sixth of its market value under normal conditions". You mean the gross yield or net yield?—I mean the gross yield.

416. You mean the gross yield to the landowner cultivating himself or cultivating through tenants?—I mean the landowner cultivating himself.

417. Then gross yield includes his working expenses and his labour?—Yes. The labour of his family.

418. What will be the average yield *minus* these, half of that? 1/12th.

420. It will be half of that if he cultivated through tenants?—It will not be half of that. He has not to incur working expenses.

421. Even if he takes the whole share out of *banta*, then it is 1/12th?—It is 1/6th.

422. From 1/6th you deduct the labour of his family, it is again 1/12th. If there is a tenant to share, it comes to 1/24th?—He has not to incur expenditure.

423. But somebody has to incur expenditure. He is entitled to only half the share?—He gets half the gross produce. The gross produce is divided between the landowner and the cultivator if he cultivates through the tenants.

424. If the owner gets 1/12th even when he cultivates the land himself, he must have a return for his labour. There is no particular inducement to the *zamindar* to cultivate the land himself?—The inducement is that the *zamindar* cultivates for the earnings.

425. He gets only 1/12th in both ways whether he cultivates himself or through tenants?—Yes, but in case there is not much other business on which he can employ himself

426. I am not talking of that. Has he got any special inducement to cultivate the land himself rather than give it to the tenants?—No, there is no special inducement.

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427. You say "the only legal remedy is for usufructuary mortgages for more than twenty years. This does not affect the agriculturists adversely". Supposing a bank is inclined to lend money to the agriculturist, would not the security be less if the land is unsaleable? In that case it will be a real impediment to a mortgage bank. Do you know that the joint-stock banks or the Imperial Bank will not lend money on that account?—Yes.

428. You say further that, "the mortgage banks should be able to obtain awards from the Registrar of Co-operative Credit Societies for purchase and sale of land in the event of non payment by the mortgagor". It means that when the mortgage bank is started the Land Alienation Act must go, I mean so far as the co-operative mortgage societies are concerned?—Yes.

429. In answer No. 61, you say "the *bahras* borrow funds from the big *shroff* of the city when necessary". At what rate do they borrow?—They borrow between 6 per cent. to 9 per cent.

430. On what security?—Their security is in most cases personal security.

431. Even though they are small men who do not pay income-tax?—I am talking of such men.

431. (a). At what rate is he able to borrow from the *shroff*?—Between 8 per cent. and 12 per cent.

432. Considering the risk that he incurs in lending money to the agriculturist at present, what do you think will be the fair rate of interest?—If he charges only interest, it should be 14 per cent.

433. You say "these rates could be brought down if the borrowers show promptitude and regularity in payment". You mean that irregularity in payment and want of promptitude are responsible for a higher rate?—Yes, they are in most cases. Even those *zamindars* who are regular in repaying money are getting loans at 9 per cent. and 6 per cent.

434. So when the agriculturist has got security to offer, then the rate is brought down to 6 per cent. and 9 per cent?—Yes, if the lender has got sufficient security.

435. That means that the remedy lies in improving the character of the borrower not by restrictions on the lender. Why do you then put restrictions on the lender who is quite willing to lend at a cheap rate if the borrower improves his security?—But it is difficult to improve the borrower.

436. And therefore you want to punish somebody else?—No, there is no question of punishment.

437. In answer to Question No. 65 you say "this return varies from 6 to 18."

438. Does it vary for indigenous bankers or money-lenders?—For money-lenders.

439. For indigenous bankers it is 6 per cent. to 9 per cent.?—Yes.

440. In answer to Question No. 69, you say "there is some money which does not find employment throughout the year, and for that reason it is deposited with *sahukars* in Beawar, Ajmer, Nasirabad and Kekri". What do the *sahukars* do with the money?—They use it in their business.

441. In the first place, who deposits the money with the *sahukar*?—The money-lender.

442. The *sahukar* invests in his business?—Yes, in cotton or cloth trade.
443. The money-lender will not be getting high rate of interest for the months the money is with the *sahukars*?—No. Sometimes they deposit with the *sahukar* at 5 annas or 6 annas per cent. per mensem.
444. For how many months is there a slack season in a year?—In good years it is about 3 months.
445. Then the money is employed in the village only for 9 months. In fixing the average return have you taken this into account?—No.
446. Please explain to me what this means: "*Hundis* for sums above Rs. 1,000 up to annas 4 per cent. below par". What *hundi*?—*Hundi* is given at this place for Bombay.
447. For remittance?—Yes.
448. Does the rate for Bombay, Karachi, etc., remain the same?—No.
449. What do you mean by "*hundis* for sums below Rs. 100 are sold up to annas 12 per cent. below par"? Is that the maximum for all centres?—Yes. People send cotton to Bombay. They draw the *hundis*.
450. *Seth Vithaldas Rathi*: It is a demand draft.
451. *Prof. Chahlani*: Demand drafts will take time to travel. Interest is lost during the period of transit?—Yes.
452. Is the maximum only 12 annas per cent. below par?—For Bombay in these days it is 12 annas.
453. What is the minimum? You say "sold up to 12 annas below par"?—Sometimes it goes above par.
454. Above par by how much?—By 3 or 4 annas.
455. Below par annas 12?—Yes.
456. Is there much business done in this way?—There is much business done in this way, but it has become greatly reduced on account of the supply bills.
457. Can you get me figures for a few years of the money remitted by demand drafts by the main indigenous bankers and to the places to which they send it?—I will try.
458. I want specially for the years in which you say the supply bills have competed with the demand drafts of the indigenous bankers which consequently have been reduced?—Seth Sahib himself will give you.
459. You say the surplus money is invested in gold and silver. How can you get the figures for silver and gold which are bought and sold in Ajmer?—For past years it is rather difficult to get.
460. I thought it was easier to get for the past years. Only for the present year the dealer will not like to disclose his business?—I will try.
461. From whom can you get this?—From gold and silver merchants.
462. You said that in this year the *zamindars* prefer to take *takavi*?—Because it is a scarcity year.
463. Not in the ordinary years?—I did not say they don't prefer. *Takavi* is only intended for years of scarcity. This year is a scarcity year.

*Not Supplied.

463. (a) The general impression is that Government ordinarily gives *takavi* in the scarcity years!—Yes.

464. You have said in your memorandum that the members of the co-operative societies had outside debt of at least 20 per cent. of the sum due to the societies!—That is for an average person.

464. (a) Is it based on facts or enquiry? Because I find from the return of the co-operative societies that it comes to 200 per cent.!—The debt due to the co-operative society is only about 20 per cent. of the outside debt, both mortgage and open debts.

464. (b) So you have got nothing to say against it now!—No.

465. Rs. 40 you say is outside debt, which means that a member of the co-operative society has discharged his debt to the *bania* to the extent of Rs. 200 by becoming indebted to the bank to the extent of Rs. 200. That is, the outside debt has decreased from Rs. 240 to Rs. 40. Is that based upon actual knowledge of facts!—No. I did not go into them.

466. It is only your imagination!—Yes.

467. *L. Bal Kishen*: In your reply No. 10 you want to fix the maximum rate of interest at 12 per cent. In return for fixing this rate of interest for all sorts of borrowers, will you provide any facility for recovery!—I have replied already that the same facilities as for the co-operative banks should be given.

468. Do you know what facilities of recovery are enjoined by the co-operative societies!—Yes, I know them not as a member of the society. The facilities are that the Registrar of Co-operative Societies can give an award for the debts and that award can be enforced.

469. When you say that the same facilities should be allowed, you have in your mind the arbitration which the co-operative society resorts to in case of disputes!—Yes. The second is that the land can be sold by the co-operative societies.

470. Do you know that the co-operative societies are non-agricultural institutions!—When the debts are of the co-operative societies, sanction is freely given.

471. In reply to Question No. 12 you say "in case of (a) and (c) the security offered and accepted consists of standing crops, lands, house property and ornaments". There you have included lands again!—Land is also included. I do not say it is sold.

472. Then what is the worth of the security. You have said standing crops also!—They write a document of mortgage in favour of the lender for the amounts lent.

473. On the security of the standing crops the lender lends. Will you put any restrictions on the borrower if he disposes of the standing crops? There should be some sort of security of the standing crops!—Yes. There should be restriction.

474. It will reduce the rate of interest also!—Yes.

475. When talking of long term loans you have admitted that it is possible to open warehouses. Did you calculate the cost!—No.

476. You say that "the co-operative banks should keep warehouses; in case they stand in need of more money they should share the expenses temporarily with other banks or Government". How can the co-operative bank do it! You just suggested it without considering the details!—Yes.

477. In reply to Question No. 26 you have said "to any extent required" Required by whom?—Required by the Government.

478. The question is to what extent the long term loans are needed by agriculturists?—The Government can give as much as they like. From Government they can get for any period. There is no other source.

479. In reply to Question No. 39 you say "The industry of hand-spinning and weaving could be encouraged, if the co-operative societies supplied material and machines of their own and paid for work done by agriculturists on them. Have you got any scheme in your mind? No.

480. Which co-operative societies you mean?—The co-operative societies of the place.

481. Do you mean that the ordinary co-operative credit societies in the village should give loans to finance this?—No. They are not to give loans.

482. You say materials. That will mean money. You would combine credit and industries in the same society. You know that the experience in the Punjab has been unhappy?—Yes. I know it.

483. *Kanwar Motilal*: In case of non-recovery of the debt what course is taken by the money-lender and by the co-operative credit society?—The money-lender seeks relief in the civil courts and the co-operative society obtains an award and executes it through the court.

484. Then a co-operative society has greater facilities than the money-lender?—Yes.

485. *Seth Fithaldas Rathi*: Does not the money-lender reduce the rate of interest even in case of reliable security?—In case of reliable security he does.

(The witness withdrew.)

Wednesday, the 11th December 1929.

AJMER.

PRESENT :

Khan Bahadur Diwan ABDUL HAMID, C.I.E., O.B.E., (Chairman).

Professor H. L. CHABLANI, M.A.

Rai Sahib KANWAR MOTI LAL.

Lala BAL KISHEN.

Seth VITHALDAS RATHI (Co-opted member.)

Mr. V. S. MARBALLI, (Secretary.)

**Thakur ONKAR SINGH, General Manager, Court of Wards,
Ajmer.**

Replies to the Questionnaire.

NOTE.—Replies mostly deal with the conditions prevailing in the *istimrari* area of the District.

486. 1. An estimate of the existing indebtedness of the agricultural classes is not possible without proper enquiry. Debts are generally contracted for performance of *mosars*, marriages, subsistence in times of famine, and for purchase of bullocks, seed, manure and for agricultural improvement, e.g., sinking of wells and construction of *badice*, etc. The agriculturists in the district mostly own less than hundred acres of land. Enactment of law for imposition of tax on *mosars* will act as a check on such useless expenditure. Liberal use of the Agriculturists Loans Act and the Land Improvement Loans Act would encourage borrowing for productive purposes.

487. In the *istimrari* areas preference in the recovery of *takari* loans advanced by the *istimrardar* (landlord) should be given over the ordinary debt of money-lenders. Where the *istimrardar* is not in a position to advance he should obtain loan from Government for making such advances.

488. The debt is chiefly due to professional money lenders.

489. 2. The rates charged by the various classes of creditors are:—

(a) Private money-lenders—12 per cent. to 24 per cent. and discount at 5 per cent. In rare cases higher rates are also charged. On transaction in grain interest, usually called '*bad*', is calculated at 12½ per cent. to 25 per cent. per harvest.

(b) Loans from landlords owning estates (*istimrardars*) 9 per cent. to 15 per cent. (mostly 12 per cent.).

(c) *Takari* loans by Government—6½ per cent.

(d) Co-operative societies—8 per cent. to 12 per cent.

In the case of (a) and (b) interest is calculated after a period of 1 to 3 years and is added to the principal. Repayment is generally voluntary but recourse is also had to law courts.

490. 3. Wide-spread corruption and the dilatory process in the administration of justice in civil courts are responsible for restricting credit facilities. Simpler method of administration of justice and increase of staff are called for. Much corruption prevails in execution and process serving proceedings where better paid men should be employed. Reduction of court fees is also suggested.

491. 4. In the *khalsa* area the process of replacement of small agriculturists by money-lenders (there being no big *zamindars*) is going on slowly in spite of the fact that there are restrictions in respect of the transfer of land to non-agriculturists. In the case of *istimrari* area this is not the case as alienation of land does not take place and this acts as a sufficient check.

492. 5. Yes. This is so to a certain extent in the *khalsa* area but not in the *istimrari* estates.

493. 6. Yes, it does to a certain extent. Stricter legislation in respect of alienation of land to non-agriculturists is required.

494. 7. No.

495. 9. The Usurious Loans Act is in force in Ajmer-Merwara but in practice it is very rarely used. For want of staff and time the courts are unable to go through the accounts from the beginning which is necessary. For this increased staff is required. Accounts should be examined from the very beginning and not for the last six years only. A limit up to which interest can accumulate should be fixed after which the loan should not carry any interest.

496. 10. Yes. The enactment of such a legislation appears to be necessary, as in most cases it is seen that the village money lender does not deal fairly with the ignorant agriculturist.

497. 11. There are no arbitration boards or *panchayats* in this district.

498. 12. Loans are obtained mostly from the village money-lenders and co-operative societies where they are established. In some cases loans are also obtained from landlords (*istimrardars*) and Government.

499. Except in a few cases the object for which the loan is required is not shown.

500. In this district the agriculturists do not own hundred acres and more and are all included in class (a).

501. The village money-lender and in some cases the *istimrardars* advance loans in kind also. Rates have already been given in reply to question No. 2.

502. Except loans obtained from Government no period of repayment is settled on account of the uncertainty of produce due to famines which are too frequent in the district.

503. 13. Free use of the act is not made in ordinary times. Advances are only made in times of scarcity and famine when extra staff is employed.

504. Liberal use of the Act should be made and extra staff provided for the purpose.

505. 14. There is no co-ordination, nor does there appear any scope for the same.

506. 15. As far as the *istimrari* area is concerned the chief obstacle in the finance of agricultural production is that the landlord, i.e., the *istimrardar*, who advances *takari* loans for agricultural purposes, has no means to recover the advances made by him in preference to the

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old debts of the village money-lender. This acts to the detriment of the *istimrardar* and the cultivator alike, as would be clear from the following instance.

507. The last *khari* crop was in some places totally destroyed by locusts and hoppers and the village money-lenders refused to advance seed and grain for the subsistence of the agriculturists. No advances by Government under the Agriculturists Loans Act being possible, the only agency who could advance in such circumstances was the *istimrardar* himself. There exists no provision for the recovery of such *takari* advances in preference to the realization of old debts by the village money-lenders through civil courts. Necessary legislation regarding the recovery of *takari* advances by the land lords in preference to ordinary debt appears to be urgently called for. This would be to the mutual benefit of the land lord and the agriculturist.

508. 17. The marketing centres of the chief crops in this district are :

Grain.	Cotton and Wool
Ajmer.	Beawar.
Kekri.	Bijainagar.
Nasirabad.	Kekri.
Beawar.	Nasirabad.

509. 18. The produce is carried in bullock carts. Merchants and dealers purchase the produce in the market.

510. The cultivator has to pay eight annas to rupee one per cent. to the commissioner agent known as *artia*, two annas to four annas per cart on account of weighing charges and one anna per cent. for *dhamada* or charity and one anna and a half per cent. on account of sweeping and water charges.

511. 19. Previous to taking it to the market the produce is kept in the house of the agriculturist. It is not generally stored at the market but is sold straightaway.

512. 25. There is an appreciable demand for long-term credit for improvements in agriculture.

513. Long term loans are in demand by small agriculturists for sinking wells, etc., and by *istimrardars* for construction and improvement of tanks, etc.

514. 26. In the *istimrari* area land cannot be offered as security.

515. 27. Same remarks as for question No. 13.

516. 28. Land in the *istimrari* area cannot be sold.

517. 29. Land is not mortgaged by tenants, in the *istimrari* area. Private mortgages, if any, are however not recognized.

518. For facility of borrowing for productive purposes in these areas the suggestions given in answer to Questions Nos. 15 and 27 may be adopted.

519. 31 to 36. As land in *istimrari* areas cannot be mortgaged the question of land mortgage bank does not arise.

520. 37. In the *istimrari* area long-term credit should be granted for productive purposes by the *istimrardar* himself. In case he is not in a position to advance he should borrow from Government under the Land Improvement Loans Act. The land, wells, etc. of the tenants should remain as security until the *istimrardar's* debt is paid.

Repayment should be made by easy instalments and the interest should not ordinarily exceed 12 per cent. If six half-yearly instalments accumulate and are not paid the *istimrardar* should be empowered to eject the tenant from the land, etc. given as security.

521. 38. The following are some of the subsidiary industries :—

- (1) *Gur* making.
- (2) Rope making.
- (3) Weaving.
- (4) Hand spinning.
- (5) Tanning of hides.
- (6) Sheep breeding.

These industries are suffering for want of capital which handicap could be overcome by the formation of co-operative societies.

522. 39. By increased credit facilities and establishment of co-operative stores.

523. 40. The enterprises suggested are—

- (1) Rope, basket, and string making.
- (2) *Biri* making.
- (3) *Sirki* and *Chatai* making.
- (4) Stone and slab industry.

The working capital could be secured by co-operative banks.

525. 43. The defects of the co-operative credit societies are chiefly due to the selfish motives of the workers and committees and some of them are as under :—

- (1) Bad selection of members and areas, and insufficient attention to previous indebtedness.
- (2) Bad accounts, audit, liquidation proceedings and lack of supervision.

526. 55. Money-lending is done by all communities but *mahajans* predominate (about 80 per cent.).

527. The village money-lender does shop-keeping and some-times other trade besides money-lending.

528. Not more than 10 per cent. live exclusively on money-lending.

529. 57. The financing of agriculture is done mostly by the village money-lender and in some cases by the land-lord. The village money-lender does not assist agriculture in the true sense of the word. He does so only where there are good prospects of earning profit. In many cases when the crop fails he refuses to advance loans, etc.

530. They do not invest in industrial shares.

531. 60. The indigenous bankers advance loans in cash and kind on *khatas* and bonds executed by the borrower.

532. 63. The agricultural community has to pay interest on cash varying from 12 per cent. to 24 per cent. *plus* discount at 5 per cent. Interest in kind varies from 25 per cent. to 50 per cent. per year.

533. Rates could be brought down by legislation and more drastic use of the Usurious Loans Act. The reduction of rates would certainly be a boon to the agriculturists.

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534. 66. There is a prejudice against the indigenous bankers but the agriculturists have to go to them when in need of money. The dealings of this class are not generally fair to the ignorant cultivator. Control and regulation of debt advanced by them appear necessary.

535. 66. The working capital is not enough to meet all demands and the bankers are obliged to refuse advances on this account as also on account of the unacceptable nature of security offered.

536. 71. Existing laws provide sufficient protection.

537. 72. Existing facilities are adequate.

538. 74. It is but natural that introduction of any measures to regulate the operations of money-lenders would be greatly opposed but such measure appears all the same to be necessary to safeguard the interests of the agriculturists.

539. 79. 10 per cent. to 15 per cent. Estimate of saving cannot be given with reasonable accuracy.

540. 81. The tendency towards hoarding is decreasing.

541. 82. The majority spend the amount on *mosars* and marriages. Means should be devised for the discouragement of *mosars* by means of legislation as also for the curtailment of expenses on marriages.

Oral Evidence.

542. *Chairman*: How long have you been the Manager of the Court of Wards here?—I am an Extra Assistant Commissioner on foreign service as General Manager of the Court of Wards and I am considered as on deputation.

543. How many estates have you got under your superintendence?—At present I have got about 25 estates. The number changes. I am also the Secretary of the District Board.

544. District Board for Ajmer-Merwara?—Yes. I also exercise first class civil and criminal powers.

545. How long have you held this appointment?—Since 1921. Before that I was Treasury Officer.

546. You said in your memorandum that "widespread corruption and the dilatory process in the administration of justice in civil courts are responsible for restricting credit facilities"?—Yes, there is widespread corruption in the lower grade officials of the courts and specially in the process serving establishment in execution proceedings where a peon goes and he will do anything for a rupee.

547. How does that restrict credit facilities?—They have to spend a good deal of money to recover the decretal amounts.

548. You mean the creditors?—Yes.

549. What is the general condition of the *ryot* in your area?—They are heavily in debt all over the district.

550. Do the estates lend any money to the tenants?—Yes, if they are in a position to do so.

551. As Manager of the Court of Wards you have to sanction such advances?—We give *takari* advances to the tenants.

552. Have you got enough money of your own to advance to the tenants?—We have got a separate account for each estate and *takari* can be advanced to the tenants from the resources of that estate.

553. Are the estates themselves free from debt?—Some of them are in debt and some of them are not, but the majority are in debt.

554. Can you tell us the cause of indebtedness of the estates, under your control?—Famine and heavy expenditure on social functions like *monars* and marriages are the chief causes of indebtedness of the estates. Besides they have to maintain their position and have to spend a good deal on this account.

555. Since you have been the Manager of the Court of Wards how many scarcity years have you had?—During the last 10 years there have been 2 or 3 scarcity years, besides other calamities like frost and locusts. There has not been a bumper crop here during the last 10 years; I mean, a really good year.

556. So, it has been either a scarcity year or a bad year or an indifferent year?—Indifferent or average.

557. The estates themselves do not do any moneylending business so far as the tenants are concerned?—Those who are in a position to do so, do advance *takari* to the tenants and do money-lending business also.

558. At what rates of interest?—From 9 per cent. to 12 per cent. is the general rule; sometimes 15 per cent. also.

559. Have you got any co-operative banks in your estates?—In one or two estates we have, but not in all. I have got an estate of my own.

560. Have you got any co-operative bank there?—No. But I advance money to cultivators as *takari* when necessary.

561. At what rates of interest?—At 12 per cent.; in some cases at a lower rate.

562. Do you experience much difficulty in recovering your loans?—Yes, I do on account of the village money-lender. He gets his decrees from the civil courts straightaway, whereas I do not want to go to the civil courts against my own tenants. The difficulty is on account of there being no law by which *takari* loan granted for productive purposes can have preference over the money-lender's claim. The latter goes to the civil court, gets a decree and brings an attachment order for the crop.

563. Can you not do the same thing?—Going to the civil court for each and every tenant is rather a difficult job.

564. You do not want to have recourse to the civil court against your tenants?—Yes, Sir. When giving *takari* on a wide scale it is very difficult to have recourse to civil courts against so many of one's *ryots*.

565. Are your tenants in a position to pay back *takari* or not?—They do pay according to their produce. If there is a calamity then they are not in a position to pay. The only difficulty is on account of the debt of the village money-lender. In the case of Government *takari* is recovered as arrears of land revenue, but no such provision exists for the recovery of advances made by the landlords to their tenants.

566. What sort of provision do you suggest?—Provision enabling the recovery of such advances as arrears of rent.

567. *L. Bal Kishan*: You are the *istimrardar* here and own a very big estate. What is the area of your estate?—The average income is about twenty thousand annually. The area is about 10,500 acres.

568. As your own share?—Yes.

Thakur Onkar Singh.

566. You have suggested that the landlords should give loans to their tenants. You will restrict this to the landlords only or you will allow indigenous bankers and money-lenders also to give loans to them? Do you suggest that the lending to tenants may be restricted only to landlords?—I do not want to restrict it to the landlord, but I would at the same time ask for certain privileges for the landlord for recovery of *takari* as arrears of revenue.

570. You must have a preferential treatment for recovery?—Yes. The cultivators in the *istimrari* areas cannot get loans from Government under the Agriculturists Loan Act or the Land Improvement Loans Act, and the only agency that can give loans, when money-lenders refuse, is the *istimrardar*. Supposing I give seed and also advances for maintenance, which I have given in this season, and when the crop is ready, the money-lender brings in a decree and attaches the crop and takes away the produce; then in such a case I am quite helpless as the money-lender reaps all the benefit. The *istimrardars* will readily give money for productive purposes, because they are also benefited indirectly; but if the money lender jumps in between them, it becomes difficult for the *istimrardar* to recover his advance.

571. This facility of recovery which you want to be given by legislation to the *istimrardar* you will restrict to certain kinds of loans?—Only for productive loans; whatever can be given under the head *takari*.

572. Then you are not in favour of turning the landlord into a regular money-lender for his tenants?—No. In the ordinary business of money-lending he must take his chance with the other money-lenders, but he must certainly have some protection in respect of the loans advanced by him for productive purposes, because this will be for the mutual benefit.

573. Who will be the judge to determine whether the loan was advanced for productive or unproductive purpose?—I have not thought over this point.

574. You have to take into consideration the fact that there may be certain *istimrardars* who have got money and who think they get a better rate of interest on this sort of investment and may indulge in it as a business. Some check has to be kept on their dealings? You are in favour of that check?—Any check may be kept but my suggestion is only for the benefit of the agriculturists and the *istimrardars* both.

575. To decide what is productive and what is for the benefit of the tenant some check will have to be kept?—Only those loans should be considered as for productive purposes which the Government considers as *takari*.

576. But to decide if the transaction is fair and whether the loan is for a purpose for which *takari* can ordinarily be granted, you will have some check over them?—You can have a check as the easiest means of control, but if there is a check in the beginning it would be very difficult to work out the scheme. This can always be enquired into when the cultivator approaches the authority; that is a check.

Some authority should be appointed to enquire when there is a dispute between the tenant and the landlord about any of the loans given. This means that you want some facilities of recovery and you are prepared to take some obligations also?—Yes.

577. You fear no difficulty when the functions of a money-lender also are performed by the landlord?—But I do not ask for any special

privileges when he performs the functions of a pure money-lender. He can go to civil courts and take chances with other money-lenders in matters of pure money-lending.

578. You have just said in reply to the Chairman's question that most of the estates in Ajmer-Merwara are in debt. How many of them do you think are in debt, and have not got funds of their own to finance agriculture of their own *ilaga*?—I think 75 per cent. are in debt and 25 per cent. free of debt.

579. Out of these 25 per cent. what percentage do you think can efficiently advance loans to their tenants?—About 15 per cent. out of these 25 per cent.; the remaining 10 per cent. are neither in debt nor in a good position.

580. Then in your opinion out of the whole *istimrardars* in this *ilaga* a very small proportion is in a position to finance their tenants. What will you recommend for the others?—They can obtain loans from the Government.

581. You recommend then the amendment of the *Takari Loans Act*?—No. They can even now obtain loans from Government. The transaction will be between the Government and the *istimrardar*. It has nothing to do with the tenants. The transactions between the *istimrardar* and the tenants should be quite separate.

582. May I take it that your remedy in the case of those *istimrardars* who are not in a position to advance to their own tenants, is that they should go to Government for loans and then advance to their tenants?—No. The *istimrardar* should approach the Government for loan and he should advance to his tenants according to their needs. These should be two different transactions altogether.

583. What rate will you fix for the advances which those *istimrardars*, who have got no funds of their own, will advance by borrowing from Government? The same interest at which they borrow or should they take some profit?—They should take some profit. There may be some bad debts, and therefore they must have some margin.

584. What is this *Taluqdars Loans Act*?—That is quite a different Act. That is meant only for repaying the debts of the *istimrardar* himself. The Government settles the debt on behalf of the *istimrardar* and then recovers it from his estate.

585. In reply to Question No. 3 you said that "for simpler methods of administration of justice increase of staff is called for". What will this extra staff do?—I meant by extra staff that the courts have too much work to do. They cannot go into the details of the transactions. They only see the last *khata* and pass a decree on it. They have neither the time nor do they take the trouble to go to the root of the transaction.

586. The question is whether the existing legislation and legal procedure is sufficient for administration of justice you will attach some staff to the courts?—I thought the courts were overworked, and if there is additional staff, it would expedite the disposals.

587. In your opinion there should be additional staff attached to the courts?—And also to that branch of the court which deals with the execution of decrees, this requires to be improved. They play havoc with ignorant cultivators. They will make any false report for Rs. 1.

588. Do you suggest any remedy to remove this corruption? Extra staff will not help it?—It is very difficult.

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589. Even the presiding officers feel helpless, though you feel it as a subjudge?—I know that corruption prevails, but I cannot do anything in the absence of proper proof.

590. In reply to Question No. 13 you say that *takari* advances are only made in times of scarcity and famine. Do you think that *takari* is not freely given because there is not enough staff?—No. *Takari* is given whenever applied for, but this has been the practice that it is generally granted in times of famine and scarcity.

591. I did not follow your written reply?—I mean to say that *takari* is only given when there is calamity and it is not given in ordinary times and in ordinary years.

592. For want of staff?—No, but because the people do not know the provisions of the Act. That is one reason. Another reason is that the officials also do not make use of it in ordinary years, and the fact remains that it is not given.

593. Is it the general impression here that *takari* is given only in times of famine?—This is what I mean. Extra staff is employed only in times of famine and scarcity.

594. Therefore I take it from this reply that one of the causes for not giving *takari* in ordinary years is that there is not enough staff to do this work in ordinary years?—Staff is sanctioned in famines only and it can be sanctioned now too.

595. You mean to say that if extra staff is permanently given, *takari* can be given in ordinary years too?—Yes.

596. In reply to Question No. 25 you say that there is an appreciable demand for long term credit for improvement in agriculture?—Yes, long term credit for the *istimrardar* is required for improvement of tanks and irrigation.

597. You only mean the *istimrardar* and not the other cultivators?—Also for small agriculturists for sinking wells. According to their means it will be a long term loan.

598. On the last page of your memorandum you say that the rates could be brought down by legislation and more drastic use of the Usurious Loans Act. Will you just amplify this reply? I did not quite follow what you meant. What sort of legislation you mean will bring down the rates?—I have made a suggestion in my reply.

599. You say that some kind of legislation will bring it down. What kind of legislation you have in view? Some sort of regulation on the lines of Moneylenders' Bill; some sort of control over the money-lenders.

600. And fixing their rate of interest also?—To regulate their money-lending business.

601. How will that bring down the rate?—At present they are charging very high rates.

602. If the Regulation of Accounts Bill is passed, it should also lay down the maximum rate of interest in your opinion? The same Act will apply to *istimrardars* also when they are giving *takari* to their tenants?—Yes, for ordinary money-lending and for *takari* also. Some legislation to effect curtailment in marriage and *mosar* expenses should be introduced. These are the chief causes which help towards the poverty of the agriculturists.

603. *Chairman*: What is a *mosar*?—*Mosar* is funeral feast. If the father dies, the son who may be quite young is pressed by the members of the community to perform a *mosar*. For this purpose he has to incur debt which he cannot repay in his life time.

604. *L. Bal Kishen*: Then these extravagant social functions should be stopped by legislation?—You cannot stop marriage expenses, but can stop *mosar*.

605. Some limit should be fixed on marriage expenses also?—Certainly, but even in that case they would give false accounts, and it is very difficult to check accounts.

606. So, there is no constructive remedy that you can suggest? You are the Secretary of the *Walterkrit Sabha* also. Can you give us a copy of the rules of this *Sabha* for the information of the Committee. You have got some experience of that and can you give us any constructive idea how these extravagant expenses can be stopped?—The difficulty is that the *Sabha* has no power to enforce the recovery of fines imposed by it. Supposing a man commits a breach of the rules of the *Sabha* and is fined Rs. 200 there is nothing to prevent his challenging the authority of the *Sabha*. Unless we have power to enforce recovery of the fines imposed, the *Sabha* is useless.

607. If you get that *Sabha* registered under the Co-operative Societies Act, then the award which is given by the *Sabha* can be enforced through a court?—I have not thought over this aspect of the question.

608. *Prof. Chabiani*: I am not exactly able to understand what remedy you suggest for the existing state of affairs. Do you think there is any room for the extension of banking facilities in this Province?—I made no suggestion about the extension of banking system.

609. From your memorandum I have not been able to find out clearly what exactly you want. Do you mean to suggest that your general view is that in this Province there is no need, or no room for extension of banking or that it is not desirable to extend banking facilities here?—There is room for extension of banking facilities, but I have stated only what the state of affairs is.

610. I quite understand the state of affairs, but all that you have been able to suggest so far is this kind of restriction or that. The general effect that your memorandum produced on my mind is that you do not require any extension of banking facilities. Is that so or is that not so?—By banking facilities you mean the private money-lender or any other?

611. I want first of all to have your general impression. Does your Province require extension of banking facilities or curtailment of facilities for borrowing?—I have restricted my replies to the *istimrari* areas only. I have no experience of the *khalsa* area.

612. What is your general impression regarding extension of banking facilities in the *istimrari* area?—I think there is need for extension of credit facilities.

613. I want first your general impression?—There is room for extension of credit facilities.

614. You have no suggestions to make except that Government should become a banker?—Either the Government or the landlord.

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615. You say that only 15 per cent. of the landlords are in a position to lend. Now when a landlord is himself in debt, will you make him the banker?—He can borrow money from Government.

616. Assuming he has got the means, can you make him a banker or an agent even of a banker?—You cannot make him a banker in that sense, but he can give loans for only agricultural purposes.

617. I am afraid you are creating prejudice in your mind by using the word money-lender. I am only asking you your general views. Can this landlord be made an agent of a bank?—Not the whole community, but only a few.

618. We are talking of them generally as a class. You mean to say that they can become bankers even though 85 per cent. of them are either in debt or not in a good position?—They cannot become bankers.

619. Can they become agents of a bank through whom the bank may safely lend money?—If power to recover the money is given to them, they can become agents of those banks.

620. But obviously then the bank must have power to recover money from the *istimrardar* and under the law existing in your Province the *istimrardar's* land cannot be mortgaged or sold. Is it not so? What security can a bank have in that case?—The bank can have the security of the estate of the *istimrardar*.

621. But the estate of the *istimrardar* cannot be mortgaged nor sold?—Decrees could be executed against the *istimrardar*.

622. I am asking you, would a bank ever lend money to a person whose land can neither be mortgaged nor sold? Can a bank ever rely on such a security? Do you know of any case in which a bank has lent on the security of land which can neither be mortgaged nor sold? Just now you suggested that the *istimrardar* could be made an agent of a bank and I am explaining to you the difficulty. Is not that difficulty a real one?—Some solution will have to be found for that.

623. There is no other solution except the repeal of the Act protecting the *istimrardar*. If you want to give the *istimrardar* the position of an agent of the bank, he must be prepared to give up the privilege which he now enjoys, viz., that his land can neither be mortgaged nor sold?—Give the bank this facility that the recovery of the bank money be treated as arrears of land revenue due from the *istimrardar*.

624. In other words you will give the bank such powers as the Government has got for recovering land revenue?—Yes.

625. How precisely can the bank recover its money when it cannot fall back on the land?—They cannot sell the land, but they can have it under management.

626. You want the bank therefore to have extra staff to take over the management of the estate?—The bank cannot do it, but the Government can do for the bank.

627. Again, you want the bank to have two agents, the *istimrardar* and the Government?—It can't be helped.

628. So then there remains only the suggestion that Government should turn itself into a bank?—The Government can help in furthering banking facilities.

629. I find in your memorandum that Government is lending money to *istimrardars*!—Yes.

630. Should the Government also as a last resort manage the estate!—No difficulty has so far arisen in this respect. They have been giving loans in these areas, and have been recovering them.

631. But Government must have been giving a very limited amount of loan!—They do advance large sums of money under the *Talukdars Relief Regulation*; sometimes they pay lacs.

632. Do you think that the present facilities offered by the Government in granting these loans are sufficient and that you don't require any more credit facilities!—In the case of the *Relief Regulation* the facilities are sufficient.

633. I want to know whether the existing facilities by way of credit given by the Government to the *istimrardars*, could be extended further without dragging Government into an unsafe position!—Yes.

634. By what per cent.?—100 per cent.

635. What is there to prevent the Government from extending such facilities at present!—There is nothing to prevent the Government.

636. What complaint have you got to make against the policy of the Government in the case of *takari*?—There is no complaint.

637. They are offering as much facility as they can!—Yes.

638. You say later on that the *istimrardar* should be given preference in respect of his advances for productive purposes. Do you claim this preference for advances for a particular year, or for the crop or for all years!—For all years, but for productive purposes only.

639. He should be given preference for money advanced for productive purposes for all years!—Yes.

640. Supposing a money-lender has advanced money in the previous two years for productive purposes. Should he not be entitled to the same privileges because he has advanced the amount for productive purposes? Should he not in fairness enjoy the same privileges!—Well, for productive purposes he may enjoy the same privileges, but this preference which I have suggested is for increasing the facilities for the cultivators. If the landlords begin to give loans, it will be for their own benefit and for the benefit of the agriculturists also, and the rate of interest will also be very low.

641. Every loan for productive purposes is beneficial to both and so is the money-lender's loan for productive purposes advanced during the previous two years. Then what justification is there for making a distinction between the *istimrardar* and the money-lender!—There is very little justification in this respect but the *istimrardar* having an interest in land can afford better facilities.

642. Any inquiry in a law court whether the loan was for productive purposes or not will have to extend over a series of years and not over one year!—Yes.

643. Is it possible for any court of law to investigate whether the loan was advanced for productive purposes when the transaction extends over 10 years!—I do not think it is possible for the court to go into all these details.

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644. You say here that a man who has got capital of his own to advance is in a position to lend at a cheaper rate of interest than a man who has to borrow money in order to lend. Is it not so?—He can.

645. Then the money-lender is certainly in a better position to lend money and therefore the *istimrardar*, who will borrow for lending, is bound to charge more than what the money-lender can charge if he is inclined to?—Not necessarily; the landlord cares, more for the cultivators capacity to cultivate than the money-lender.

646. If then the money-lender's loans be restricted to productive purposes he is a cheaper agency to employ than the *istimrardar*?—If he is prepared to charge a low rate of interest.

647. Would you give the money-lender, if he is prepared to charge a low rate of interest for productive purposes, any additional security?—The security of the improvement itself which is made by the loan.

648. But there may be loans advanced for other cultivation purposes which may not lead to any permanent improvement?—Then he should recover from the crop.

649. Just as the land revenue is recovered?—Yes, if the loan is for productive purposes he should get some additional security.

650. You yourself talk of the widespread corruption and the dilatory process of the law courts. Is not that responsible to a certain extent for the rate of interest being higher than what it should be? If the execution of decrees could be done in a shorter time, would not the competition bring down the rate of interest?—Yes, to a certain extent.

651. Therefore, if this could be secured, it is very likely that the money-lender, given these facilities, would be content with a smaller rate of interest?—There would be a small difference.

652. In the *istimrari* areas the tenants are tenants-at-will and they can be ejected at any time?—They could be ejected by paying compensation.

653. Compensation to whom, to tenants-at-will?—Yes; if they have sunk wells, they must be given some compensation for permanent improvement.

654. In other words, therefore, the *istimrardar* has got a power over his tenants which is not possessed by the money-lender. He can deprive them of the source of their livelihood if the tenants are refractory?—But in practice it is not so.

655. I am not asking you about the practice; I am asking you about the power of the *istimrardar*, in case of emergency. He has the power to eject him if need be?—He has only to apply to the court. The ejectment is made by order of the district authorities.

656. But the money-lender has no power to eject him from the land?—No.

657. Therefore the moral pressure that an *istimrardar* can apply to the tenant-at-will is far greater than that of the money-lender?—This pressure of ejectment does not lead to quicker recovery on behalf of the landlord.

658. But if the landlord wished it, he could eject the man or he could threaten him with ejectment which the money-lender cannot. Human

nature being what it is, in such a case the *istimrardar* has got a greater hold upon his tenant than the moneylender?—Yes, in this respect.

659. The *istimrardar* himself borrows money. Is it not so? If an *istimrardar* is a substantial person with a good income, has he any difficulty in borrowing at a reasonable rate from the *mahajan*, I mean a man who has got sufficient income to give as security?—He can borrow at a reasonable rate of interest.

660. At what rate?—It all depends on the stability of the person who is borrowing.

661. At what rate can a person known for fair dealings and with a substantial annual income to his credit, borrow from the *mahajan*?—At about 9 to 12 per cent.

662. Would the *mahajan* make a difference between him and, say, a respectable man in the town?—If his credit is good, no difference will be made.

663. So the town man is also able to borrow only at 12 per cent. and not at a cheaper rate? It all depends on the borrower.

664. Contemplating the same respectability of the two persons, contemplating that the two borrowers are of about the same footing, one the *istimrardar* and the other a town man, will there be any difference between the rate of interest charged by the *mahajan*?—No. The rate sometimes goes to 5 per cent. if the stability of the borrower is substantial and provided the security is good.

665. Taking the average money-lender in the small villages round about your area, is the average money-lender a big man or a small man?—In ordinary villages the average money-lender is not a big man.

666. What is his general establishment? Does he keep any clerk or accountant? I am talking of the average money-lender in an average village round about your area?—Sometimes he has no staff, but in a few cases he has to keep a servant.

667. I am talking of the normal average money-lender?—He works himself.

668. And quite a good part of his business is other than purely money-lending? Is not it also to a certain extent trading?—He is also a shop-keeper.

669. And yet in spite of his being a shopkeeper as well as a money-lender he continues to be a small man?—I do not quite understand what you mean by a small man.

670. Is the average moneylender in a village a man whose income exceeds Rs. 1,000 or Rs. 2,000 a year or one whose income is lower?—There are many whose income is more than Rs. 1,000, or Rs. 2,000.

671. Then the income-tax returns should show the number of persons of rural areas who are paying income-tax?—Some escape income-tax.

672. But surely that cannot be the bulk of rural money-lenders?—No.

673. Most of the people must come under it. Have you ever looked at the figures of incomes assessed to income-tax? Do you know that in Ajmer in the rural areas for instance the number of money-lenders and

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bankers and their dependants who pay income-tax is only 41 and only 7 in Beawar!—They are surely much more than this number.

674. I have got here the income-tax returns. I am talking of the year 1928-29!—This may be so, but I am talking from my personal experience that the number is much more.

675. By what percentage!—At least three times more.

676. In other words the Government is being defrauded of its revenue by two-thirds!—Yes.

677. You think that the Income-tax Department as organised at present is defrauded of two thirds of its income!—Yes, relating to the rural areas.

678. *Kanwar Motilal*. What do you mean by saying that "the dealings of indigenous bankers are not generally fair"?—By "indigenous bankers" I meant the village money-lender and not the big *sikhars*.

679. *Seth Vithaldas Rath*: Do you know that co-operative societies charge interest between 8 per cent. to 12 per cent. Don't you think that it is a high rate of interest!—I have no knowledge. It is only in agricultural tracts that 12 per cent. is charged.

680. On page 2 of your memorandum in reply to Question No. 9 you suggest that after a certain period interest should be stopped, but you don't suggest any measures for the recovery of the loan. How would the debt be recovered!—The civil courts are open for this purpose.

681. But some times civil courts take a very long time to decide, even up to 20 years and in such a case supposing a man advances Rs. 10 at 12 per cent., the net return to him would work out at 3 per cent.!—Sufficient means are provided by legislature for the recovery of loans. I have only made a suggestion that there should be a limit to the amount of interest.

682. But sometimes people run away even leaving their estates!—Surely, he cannot go beyond British India or the jurisdiction of the British courts.

683. You yourself say that people escape payment of income-tax. Then it would be far easier for them to escape the money-lender!—The creditor can seek the protection of the courts.

684. What limit do you propose for the amount of interest, so that it may not exceed that limit!—There should be a provision that interest should in no case exceed the principal.

685. You suggest that *biri* making should be encouraged as an industry. Surely small children, if they are taught *biri* making would learn to smoke. Would it not also help towards increasing their expenses!—I have suggested *biri* making as an industry. The smoking evil has nothing to do with it.

686. But you know that America has now declared drinking to be an offence. On those lines we must also have a legislation to stop smoking!—I am not talking of smoking but of an industry in the form of *biri* making.

687. You suggest that the number of courts must be increased. If the courts are increased, the Government expenses will also increase. How will the Government meet this extra expense!—The decision of a larger number of cases with promptitude would bring in a larger

amount of court fees, which would be sufficient to cover the extra expense.

688. You say that many persons escape payment of income-tax. Does this remark include agriculturists' income as well?—Agriculturists are free from income-tax. They pay in the form of land revenue. It is only the money-lenders and shop-keepers who escape income-tax.

689. You have said that about two-thirds of such persons escape income-tax in rural areas?—I did not mean exactly two-thirds, but I said that there was a large number of such persons who escape income-tax.

690. How many persons in your estate pay income-tax?—I do not know.

691. How many are liable to pay income-tax? There may be two or three.

692. Is this figure of two thirds based on experience?—It is only an estimate.

693. *L. Bal Kishen*: The debt of an *istimrardar* is automatically cancelled after the death of the *istimrardar*. Supposing I advance Rs. 2,000 to an *istimrardar*, my debt will also be wiped off after his death?—You cannot go to a civil court to recover it.

694. If the son of the *istimrardar* is good enough, he may pay me, otherwise there is no remedy?—It is always paid as a matter of fact. This is the practice but the law is there that you cannot recover it.

695. This fact also increases the rate of interest for the *istimrardar*?—For those whose credit is not good, this fact increases not only the rate of interest, but also the security which he has to offer to get the loan.

696. All through your memorandum you have not made any difference between the money-lender and an indigenous banker?—I am not concerned with the town indigenous bankers. I did not mean the banker of the city, because there are no cities in the *istimrari* areas. By banker I meant the ordinary village money-lender. I did not mean the big bankers.

697. What kinds of loans can an *istimrardar* get from the Government?—From Government the *istimrardar* can get two kinds of loans; one under the Relief Act, and that is only to clear off his old debt, and the other as *takari*. *Takari* loan he gets only for the improvement of his land and it is not binding on him to give it in turn to his tenants.

698. *Seth Vithal Das Rathi*: Are the agriculturists in debt in the estates under your control?—Yes.

699. Is any forced labour taken from them?—No.

700. *Chairman*: Is there any *bigar* system in *istimrari* estates?—No. Forced labour is only taken on occasions of marriages, but they are paid. They have to do it, but they get something in return.

701. *L. Bal Kishen*: At market rates?—Not at the market rates.

702. 50 per cent. less than the market rate?—They are paid in cash and food.

703. Taking all these together, it is 50 per cent. less than the market rate for their labour?—About that.

(The witness withdrew.).

Thakur Onkar Singh.

Sardar KARTAR SINGH, B.A., P.C.S., Registrar of Co-operative Societies, Ajmer Merwara.

Replies to the Questionnaire.

704. 1. To make estimates about the existing indebtedness of the agricultural classes the following extracts from the reports of Mr. Calvert, Registrar, Co-operative Societies, Punjab, Mr. Lupton and Mr. Latouche would not be irrelevant if they are quoted:—

Mr. Calvert—"A rough estimate therefore would give about 16 lacs of rupees as the annual profits from money lending what capital sum these profits represent is difficult to estimate. If we put the profits at 12½ per cent. the capital must be about 120 lacs."

Mr. Lupton "found over 46,000 acres mortgaged in 1908 and the receipts from the capital thus sunk, are usually exempt from income tax; so this secured debt is largely additional to that just mentioned. The debt, I should feel inclined to say, is probably not less than 2 crores."

"The villagers themselves, the agriculturists proper, are as a body poor and all but a few very heavily debt-ridden."

"The villagers are generally heavily loaded with debt, specially in Todgarh".

Mr. Latouche: (paragraph 208 of his report) "the whole population is in debt and their creditors leave the people a mere subsistence" and (paragraph 205) that "the indebtedness, mortgage debts alone which exist in the district, is appalling". Further (paragraph 205) assuming a rate of 24 per cent. as the average interest from the debt, he gave figures which as he said went to prove that an annual sum of Rs. 2,77,328 (or more than the then net Government revenue paid over the hands of the money-lenders. In the Todgarh Tehsil the amount of indebtedness was surprising, amounting, as it did, to an annual drain on the cultivators of some two and a half times Government revenue. Besides these debts secured on the land, there were, he said, large sums due on unexecuted decrees in the small cause courts and an unknown amount secured by bonds.

705. My predecessor Mr. Bal Kishen, Registrar Co-operative Societies, Ajmer-Merwara, has made the following observations with regard to the situation of indebtedness in this District:—

"All this shows that the cultivating classes are either insolvent or on the verge of insolvency. Probably about 95 per cent. of the Merwara Agriculturists and 80 to 85 per cent. of Ajmer are heavily involved in debt."

706. My personal opinion is that Mr. Calvert's estimate is more near accuracy than any other given above. Information about indebtedness is being collected and as soon as it is collected, it will be supplied.

707. The purposes for which the debt was incurred are the following:—

- (a) Marriages.
- (b) Mosars.
- (c) Payment of land revenue and rent.
- (d) Growth of debt due to compound interest.
- (e) Seed and manure.

- (f) Sinking of new wells, deepening of old wells and construction of *bunds* and *nadies*.
- (g) Purchase of cattle, plough and milch cattle.
- (h) Payment of wages to labourers.
- (i) Construction and acquisition of houses and their repairs.
- (j) Purchase of land and bringing into cultivation fallow land.
- (k) Payment of Government *takari* contracted for some of the objects specified above.
- (l) Redemption of mortgaged land.
- (m) Purchase of fodder.
- (n) Repayment of old debt.
- (o) Purchase of grain for consumption.

Majority of these borrowers are those who own less than an economic holding. The number of persons owning land above 100 acres can be counted on fingers, and no percentage can be formed.

709. In order to limit borrowing for wasteful objects, there should be placed some compulsion over all lending agencies. Co-operative credit societies have themselves placed the following controls and advance only for necessary objects:—

- (a) Maximum credit limit of each member.
- (b) Object of loan: preference to be given to productive over unproductive loans.
- (c) Fixing the maximum credit limit of the society.
- (d) Sanction of the committee for the amount of the loan for a particular object.
- (e) Propaganda for not borrowing for unproductive purposes.

709. Legislation should be enacted to curtail expenses on:—

- (i) Deaths.
- (ii) Marriages.

710. Borrowing for production purposes can be encouraged by:—

- (i) Propaganda.
- (ii) Inducements by cheap loans for productive purposes.

The major portion of this debt is due to the professional money-lenders and indigenous bankers, since they are plying their trade since generations past, and are dealing with about 80 per cent. of the population.

711. The co-operative credit societies have only touched 1/9th of the entire population and account for only Rs. 15,41,548 due to them.

712. Third in number some the *zamindar* money-lenders and figures of their outstandings cannot definitely be given.

713. Government loans amount to Rs. 3,65,411 (*vide* Report on the Administration of Ajmer-Merwara for 1927-28) and occupy the 4th place.

713. (a) 2. (1) The rates of interest charged by the various classes of creditors are:—

(a) *Local money-lenders*.—(i) 15 per cent. to 24 per cent. per annum is the usual rate.

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(ii) 37½, 50, 75 and 150 per cent. per annum are extraordinary rates. The following cases are quoted:—

	Creditor.			Debtor.			Rate of interest.
(1)	•	•	•	•	•	•	150 per cent.
(2)	•	•	•	•	•	•	75 „ „
(3)	•	•	•	•	•	•	75 „ „
(4)	•	•	•	•	•	•	75 „ „
(5)	•	•	•	•	•	•	75 „ „
(6)	•	•	•	•	•	•	75 „ „

(iii) Interest is calculated on cash transactions yearly and if not paid is added to the principal. On transactions in kind, interest (which is also in kind) is calculated half-yearly and if not paid is added to the principal.

(iv) Repayment of debt is usually voluntary, else through the civil courts, and in some cases through compromises made in kind (known as *baria* or *bharma*) by giving manure, cattle fodder, carts and in some cases cash even.

714. (b) *Co-operative credit societies.* 8 per cent. to 12 per cent. per annum simple interest is charged by calculating up to the date of repayment.

On each crop *kistbandi* is prepared after personal enquiry from each member in general meeting taking into consideration their standing crops and resources of payment. The members usually pay themselves and in cases of default arbitration proceedings are started by the societies and the awards executed through the civil courts having local jurisdiction.

715. (c) *Government.*—Government advance loans under the Agriculturists Loans Act and Land Improvement Act at 6½ per cent. Realisations are made through the Revenue staff. The rate of interest upon all loans granted under these rules is 6½ per cent. or one anna in the rupee. Compound interest can also be charged by the Commissioner. Loans are recoverable as arrears of land revenue.

716. 3. The dilatory procedure of the civil courts in giving decrees, the complicated and lengthy procedure of execution of decrees, high costs to be incurred in the civil courts are responsible for restricting the provision of credit facilities.

717. *Panchayats* should be constituted under the *Panchayat Act* in the rural areas. The procedure of courts should be so simplified as to enable administration of justice eliminating (1) delay and (2) inconvenience. Better paid persons should be appointed for execution work and security should be taken from them. Cases of corruption and bribery should be severely dealt with.

718. Section 19 of the *Co-operative Societies Act* should be amended to secure better, the interests of the co-operative societies, which will feel inclined to make advances on enhanced security.

719. 4. There is a small percentage of cases of replacements by (1) bigger *zamindars* and (2) money-lenders. There are no replacements on a large scale in this Province.

720. 5. As far as I can gauge a large number of efficient farmers is not passing into tenants, since the passing of the Land Alienation Act. Those who are either selling their lands or mortgaging the same are heavily debt-ridden, with scanty means to finance the industry with emaciated cattle and having no prospective means to repay their indebtedness.

721. Generally speaking it is only the residue of the agricultural community that are becoming tenants. A *zamindar* would not alienate his land unless he has been hard pressed by circumstances and unless he finds that his industry does not pay.

722. 6. In the face of reply to question No. 5 I would not comment.

723. 7. It is not customary in this District for the agriculturist money-lender to extract personal services.

724. 9. From the figures given below it would appear that (1) the number of cases in which the Usurious Loans Act was applied during the last 4 years was very limited. (2) Assistance of the members of the *Janch Committee* was not freely invoked. Hence the Act has proved ineffective and to quote the Royal Commission on Agriculture, has remained "practically a dead letter in every Province in India".

725. The suggestions in this respect are:—

- (1) That the civil courts should exercise more care and sympathy in finding out cases to which the Usurious Loans Act could apply.
- (2) That they should more freely invoke the assistance of the members of *Janch Committees* appointed under rules made by the Commissioner and District Judge Ajmer, who being local people on the spot can easily find out the facts of the case and make their recommendations.
- (3) If necessary, a special sub-judge should be appointed to deal with all such cases arising under the Usurious Loans Act since the existing courts have not got the time and inclination to go through the dry and tedious accounts.
- (4) The courts should be given power to investigate and scrutinize the accounts as far as 10 years back from the date of the transaction in dispute in place of the present provision of 6 years.
- (5) The courts or the special court referred to in suggestion (3) above should attach importance to and consider the opinion of the *Janch Committees*.
- (6) To enhance the importance of the *Janch Committees* it is administratively essential to attach to them a *locus standi*. Persons duly summoned by the *Janch Committee* to appear or to produce documents and failing to do so should be held liable to the penalties prescribed in schedule 2, paragraph 7 (2) of the Civil Procedure Code 1903.

726. 10. Yes. I would suggest the enactment of a legislation on the lines of the Punjab Regulation of Accounts Bill.

727. 11. There are no arbitration boards or village *panchayats* in this District.

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726. 12. The present sources from which the agriculturists (*ramindar* and cultivator) obtain their finance are as follows:—

- (1) Local money-lenders.
- (2) Co-operative societies.
- (3) Government *takari*.

729. Only the small cultivator or peasant proprietor resorts to co-operative credit societies while (b) and (c) resort to local money lenders and also to Government. The doors of the co-operative societies are not open to them since co-operative societies are intended for "persons of limited means", and the provision of Section 29 of the Land and Revenue Regulation No. 2 of 1877 does not allow the enforcement of decree against *istimardars* who are the only landlords who come under (b) and (c).

730. As far as the co-operative credit societies are concerned all the advances are in cash, hence no proportion can be quoted for them.

731. As for the other money-lenders it can be said that seed, cattle, cloth, grain for consumption and provisions are usually advanced in kind.

Rates of interest—

- (1) The same rate of interest is charged for (a), (b), (c) by the money-lenders, *i.e.*, 15 per cent. to 24 per cent. in general and 37½ per cent. to 50 per cent. in extraordinary cases.
- (2) The co-operative societies charge a reasonable rate of 12 per cent. for (a), *i.e.*, expenses during cultivation and for (c) *i.e.*, other special needs for land revenue, etc. As for (b) *i.e.*, capital, and permanent improvement they charge 3 per cent. to 12 per cent.
- (3) The Government advances loans for (a) and (c) at 6½ per cent. and for (b) at the same rate.

Periods of loans—

- (i) The local money-lenders advance loans for (a) and (c) from 6 months to one year and for (b) for periods upto 3 years.
- (ii) The co-operative credit societies advance for (a) and (c) from 6 months to 3 years and for (b) up to 20 years.
- (iii) The Government advance loans for (a) and (c) for 3 and 10 years and for (b) up to 20 years, *vide* Rules XX (1) and XI of Notification 1787 and 1786. In the case of local money-lenders house property and ornaments are rarely taken into security but standing crops and land are freely accepted.

732. As regards co-operative credit societies to secure the loans and to bring them in the category of "controlled credit" as a rule personal sureties are taken and in many cases moveable and immoveable property is taken as additional security.

733. Government.—Under both the Acts, *i.e.*, Land Improvement Loans Act and Agriculturists Loans Act primarily landed security is accepted. Personal security may also be accepted in special cases. Moveable property is not accepted as security *vide* Rules 8 and 9 of the respective Acts.

734. The rates charged by the local money-lenders appear to be exorbitant in view of the fact that the members of co-operative credit societies obtain loans at reduced rates. The local money-lenders alone

advance loans in kind and charge a different rate from what they charge for cash advances. Generally they charge 25 per cent. half-yearly, i.e., $\frac{1}{4}$ th of the quantity advanced.

735. The part played by the different agencies mentioned in this question is described as under:—

Government:—

The amounts advanced by Government under both the Acts are given in replies to question Nos. 13 and 27.

Imperial Bank and joint stock banks:—

They do not function at all in agricultural finance.

Co-operative banks:—

The following figures will explain what roll is played by the co-operative societies in agricultural finance of this district:—

Number of Societies.	Members.	Working capital.
499	10,610	10,25,190

These societies advance short term and long term credit at reasonable rates of interest. In the above figures are included 13 societies, 581 members, and Rs. 57,485 working capital of the mortgage banks and societies which advance only long term loans, *vide* (b).

736. There are no indigenous banks and bankers, worth mentioning who play any part in financing agriculture.

738. *Zamindars*:—The number of *zamindar* money-lenders is not great in this district. There are one or two persons in some villages with small capital and they lend at rates varying from 15 per cent. to 57½ per cent. on good security.

739. *Professional money-lenders*.—Leaving the members of co-operative credit societies the finance of the remaining agricultural population is in the hands of the professional local money-lenders.

740. *Merchants and dealers*.—There is not a large number of merchants or dealers who assist the agricultural finance. They make advances and stipulate to take the entire cotton produce of the locality in which they carry on their profession. There are no other organisations giving credit.

741. 13. The cultivators do not freely borrow under the Agriculturists Loans Act of 1884 as will be evident from the following figures:—

	Rs.
1924-25	Nil.
1925-26	13,650
1926-27	52,505
1927-28	100
1928-29	Nil.

742. Advances were made only during the years 1925-26 and 1926-27 since they were years of famine and scarcity and it shows that in ordinary years resort is not had to loans under this Act. The reasons for this scanty borrowing are the same as are already stated in reply to question No. 27.

743. 14. There is no co-ordination among the various credit agencies except the Government and the co-operative societies. The Government advances *takāfi* loans under both the Acts to the members of co-operative societies through the co-operative credit societies. The system

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is working satisfactorily but the suggestion of the Royal Commission that "when Land Mortgage Banks are firmly established, part of the allotments under this Act, might be placed at their disposal, provided that steps are taken to ensure utilisation on objects which fall within the scope of the Act" should be enforced.

745. 15. The defects pointed out by the Royal Commission in paragraphs 359 and 362 of their Report are exhaustive and I cannot point out any other defects.

The following defects are obvious in the system of finance by money-lenders:—

(1) Credit is facile and uncontrolled.

(2) He is too willing to lend, does not make thorough enquiries and see the security. Object is not of much concern to him. He wants only to perpetuate the link already established to get regular income.

(3) Rate of interest is abnormally high, and is reckoned at compound rates too.

(4) Accounts are complicated—doubtful and unsatisfactory. They are cooked and doctored.

(5) There is a good deal of trickery and jugglery. Accounts are never shown and are in sealed books too. Many books, ledgers and code words are used. Balances are not struck. This fact leads to dependency and leads to ancestral debt. No serious effort is made to liquidate the debt-system, which produces a sense of despondency.

(6) Punctual repayment of the loan is not insisted on by the money-lender, in his own interest. There are no other avenues of investments and this appears to be the best investment. This perpetuates his income.

(7) Over and above the rate of interest, he gets some services gratis or free of charge.

(8) The system encourages extravagance and promotes unbusiness-like habits in the borrower.

(9) Profits accruing from the business go to one party alone.

(10) Supply of bad seeds, weak animals and bad manure.

747. The defects in the Government system are due to the agency employed, those in the money-lenders system are due to his personal interest and no supervision and unorganised credit. He does not care for the means but only for the personal interest.

748. The defects pointed out in the system of Government finance can be removed by making these advances through local *panchayats*, through co-operative credit societies and through a sub-committee composed of not less than 3 persons including non-officials in each *girdawari* circle. The defects pointed out in the system of money-lenders finance can be remedied by the enforcement of the money-lenders Registration Bill and the free use of Usurious Loans Act in courts.

750. 16. The estimate for the total amount of capital required at present for the various purposes, i.e., (a), (b), and (c) for this District is as made below:—

(1) Number of actual male workers engaged in production is 92,871.

(2) Amount of capital required for each such person at the rate of Rs. 153 is Rs. 1,42,09,283.

751. The basis on which this average of working capital is calculated is the average working capital per member of agricultural co-operative credit society.

752. As far as the members of co-operative societies are concerned, they have got ample funds at their back in their co-operative banks and societies but the general knowledge of the situation in the villages leads to the opinion that in these days, there is a scarcity of funds which is evident from the higher rate of interest prevailing in the villages.

753. 17. The following are the marketing centres for the various crops in this District :—

Cotton and Wool.

Bijainagar.
Kekri.
Beawar.
Nasirabad.
Kishangarh.
Sarwar.

Grain.

Nasirabad.
Beawar.
Kekri.
Ajmer.
Pushkar.

754. 18. Generally the produce is conveyed in carts and on donkeys. Recently a few motor lorries have begun carrying goods to and fro.

755. Merchants and dealers purchase cotton and wool in the marketing centres and then export to Bombay wherefrom it is shipped to Liverpool. Grain is locally consumed. It is not exported.

756. There is no co-ordination among banks, bankers, merchants and dealers.

757. Money-lenders charge only a brokerage of five annas per cent. for selling through them. Other charges incurred by the cultivator are :—

- (1) Commission at -/12/- per cent.
- (2) Discount for cash payment -/4/- per cent.
- (3) *Dharmada* at -/2/- per cent.
- (4) Cooly and incidental charges at -/5/- per cent.

758. 19. The agriculturist stores his produce at his own house in *kacha kothas*.

759. When he takes it to the market, it is immediately sold through the broker. The members of co-operative societies sell through the Beawar Co-operative Sale and Supply Union and in case the goods are not sold immediately the member can take an advance of 75 per cent.

760. It is possible for the agriculturist to raise credit on the security of grain so stored.

761. 21. At present there seem to be no credit facilities for financing produce during marketing. The present system is that the local money-lender who is also a trader makes insignificant advances binding the agriculturist to sell his produce to him. This advance, actually speaking, is no finance towards assisting the marketing of the produce,

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but a trap laid for the *ramindar* who is also in most cases his client. This *entrepreneur* is making these advances to achieve his own self-interest. His aim is never to assist the marketing of produce. A better organisation, the "co-operative commission shops", has attempted to fill in the place of such local trader in central places. The number of such shops is still not sufficiently large to enable all the agriculturist population to avail of their services.

763. In each village or if the village is too small in the midst of 2 or 3, a small commission shop should be started with Government subsidies and assistance which may be able to secure all the produce of the agriculturists and make them advances to the extent of 60 per cent. to 75 per cent. of the market price of the produce so deposited. The success of such individual commission shops in villages to transact the entire sale of the village produce will only depend upon the following factors :

- (a) Adequate subsidies by Government for the maintenance of qualified and expert staff.
- (b) The construction of godowns or *pukka kothas* for the safe storage of the produce
- (c) Adequate supply of capital either by Government or co-operative banks at a cheap rate of interest to enable the produce of the agriculturists to be discounted to enable them to tide over the commercial season. Such discounting will keep their credit unshaken while at the same time enable them to get the full market price for their produce.
- (d) The management of such shops should be primarily in the hands of people of the village with adequate Government representation, supervision and control.
- (e) Such godowns should be protected by insurance against fire and theft.

The shops should be so situated that the agriculturists may have easy access to them.

764. 22. Invoices and railway receipts are sold for the purpose of raising money during the process of marketing.

765. 23. Co-operative commission shops are proving to be a boon in the transportation and marketing of produce. There is no hope of forming pools nor is it possible for the pools to work successfully since they will not be registered institutions and hence will lead to many disputes and clash of interests

766. Only commission shops will be successful in the marketing of produce

767. 24. No.

D.--LONG PERIOD LOANS FOR AGRICULTURE.

769. 25. In the district of Ajmer-Merwara there is a great demand for enough but water is scarce. It is in the direction of perennial supply of liquidate old debts and to effect improvements on their lands by sinking new wells, by deepening old ones, by constructing *bunds*, *nadies* and *sinks*. This district being particularly subject to frequent visits by

famines and draughts requires increased irrigation resources. Land is enough but water is scarce. It is in the direction of perennial supply of water through increased irrigation resources that there is a popular demand for long term credit, among all and for redemption of land among peasant proprietors.

770. Of the classes mentioned in questions Nos. 1 and 2, (a) the peasant proprietor, (b) owners of 100 acres of land (who are honourable exceptions) and (c) large land holders (*thakurs*, *jagirdars* and *istimrardars*) are the persons who require long term credit. The mortgage banks and societies advance long term loans to *zamindars* of average type who are peasant proprietors.

772. The case of land-lords, who are *istimrardars* is very hard since they require very big amounts usually for unproductive purposes. Their repaying capacity being doubtful, long term credit is not available to them. The big land-lords here, are called *istimrardars* who cannot either mortgage their lands or sell the same and their debt becomes dead on their death.

778. The extent to which people other than members of co-operative mortgage banks or societies can borrow long term loans is:—

- (i) that the period of such credit does not generally exceed 5 to 7 years—the creditor wanting a rapid turnover of his small capital in trade.
- (ii) that the rate of interest ranging from 18 per cent. to 36 per cent. the extent of such credit is naturally restricted. A person about to borrow a big amount at 18 per cent. or 36 per cent. for a longer period would naturally hesitate before contracting it.

774. The extent to which the co-operative mortgage banks advance loans is as follows:—

- (i) that they advance loans for periods up to 20 years.
- (ii) that they charge 8 per cent. to 12 per cent. on such credit and thus make possible the issue of a greater volume of long term credit.

775. 27. The agriculturists do not freely borrow under the Land Improvement Loans Act of 1883 as would appear from the following figures:—

		Rs.
Population as per census of 1921	1,95,271	
Amount advanced during the year 1924-25	..	8,820
.. .. 1925-26	..	72,206
.. .. 1926-27	..	44,956
.. .. 1927-28	..	6,000
.. .. 1928-29	..	8,100

776. The reason why they do not borrow freely under the Act is the ignorance of the provisions of this Act in the rural area owing to lack of propaganda and want of education.

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778. 28. The rates of the value of land of different qualities differ in different places. But as far as my experience goes, the average value of different kinds of land is as follows:—

- (1) *Chahi* Rs. 300 per acre.
- (2) *Talabi* Rs. 250 per acre.
- (3) *Abi* Rs. 150 per acre.
- (4) *Barani* Rs. 50 per acre.

NOTE:—These valuations are based on the rates on which co-operative credit societies in the villages generally evaluate the lands of their members.

779. Under normal circumstances, the ratio of the annual yield of land of average quality per acre to its market value is 1:6.

780. The factors affecting the value of land are as follows:—

- (1) Nature of soil.
- (2) Irrigation resources.
- (3) Nearness to market.
- (4) Rival claimants and competition.
- (5) Area of the fields, sub-division and fragmentation.
- (6) Communications.
- (7) Land Alienation Act.
- (8) Rights in land.
- (9) Rise in the price of produce.
- (10) Rise in rents.
- (11) Increasing population.
 - (a) There are few cases of this nature.
 - (b) No such case has come to my notice.
 - (c) Sales of lands by private negotiations generally fetch average market rates.

781. 29. Restrictions have been placed upon mortgage of land under Regulation III (Alienation of Land) 1914, *vide* Sections 5 to 12. They are not having any adverse effect. On the contrary if such restrictions had not been placed, land would have passed from the hands of the *zamindars* to the non-agriculturist classes.

783. There is no modification to be suggested in the existing law.

784. 30. Nothing to be said in reply to this question.

785. 31. In the district of Ajmer-Merwara there are 3 co-operative mortgage banks and 10 mortgage societies.

786. At present they are solely financed by the central co-operative banks to which they are affiliated.

787. The method of work of these institutions is that a person who wants to take a loan submits an application in the prescribed form. He has to attach copies of his *khevat* and *khasra girdawari* from the revenue records. Two independent enquiries are conducted, one by the sub-inspector who is a paid person and the other by one or two directors of the circle in which the person resides. These enquiries relate to his land holding, nature of the soil, irrigation resources, value of land,

income from land, cost of production, income from other sources, sureties, other land to be taken in mortgage, period of loan, number of instalments, character and credit of the applicant and his repaying capacity. Enquiry is also made under what circumstances and for what objects the loans were contracted by the applicant. At present loans are advanced only for (1) redemption of land (2) and improvement of land. The boards are authorised to sanction loans up to Rs. 500 and loans exceeding that amount are advanced with the sanction of the Registrar, Co-operative Credit Societies. These banks borrow loans at 6 per cent. to 8 per cent. and advance at 8 per cent. to 12 per cent. Loans are not advanced direct to the borrower in cash for redemption of mortgages, but either the money is paid in cash before the Sub-Registrar or cheques are issued direct in the name of the mortgagee. Loans for improvement of land are advanced by instalments after seeing that the previous instalment has been properly applied. On the board's sanctioning the loan, intimation is given to the applicant who then brings his sureties and the amount of the share money which is based on the amount of loan required. Land to be redeemed is taken as security by getting it registered together with other land owned by the borrower.

758. 32. There is nothing to be noted in this connection since there are already three mortgage banks.

789. 33. The most practicable and regular source of raising money for mortgage banks in Ajmer-Merwara has proved to be the central co-operative institutions, which up to the present are providing all accommodation and facilities. I would not recommend deposits or debentures (which are in other words negotiable deposits) at the present stage, but I am in favour of Government loan on cheap rate and for long period. From the experience of this District I can say that these banks should not borrow at a rate exceeding 6 per cent. and should not advance at a rate exceeding 8 per cent. leaving a margin of 2 per cent. for working expenses.

790. 34. The evaluation of land offered for mortgage should depend upon the following data:—

- (1) Prevailing values of land sold in the village.
- (2) Values of land sold just close to the land to be taken in mortgage.
- (3) Prevailing rate for mortgage of land in the village.

791. The Secretary of the bank who should be a local person with knowledge of land revenue and system of tenancy should evaluate independently and also should consult the *sarpanch* of the village society and the village *lambardar*. All these opinions should be recorded and put up to the board of the mortgage bank together with the independent valuation of the director of the circle. This method and data will lead the board to arrive at a final and better decision.

792. In the Registrars' conference of 1926 the question of the valuation of land was thoroughly discussed. The problem was that (1) should expert valuers be appointed and (2) should they be Government men. The main aspects of the question are that the banks are still in their infancy and cannot appoint expert valuers, as it will be highly expensive. They should not be Government men too since in case of their dishonesty, the same has got to be proved. The only feasible course is that Government should contribute towards the cost of valuation and

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the valuation should be got done by the bank itself through different local persons. Arrangement should also be made by the banks for the examination of title deeds by competent legal practitioners.

794. 35. (1) The Government should be adequately represented on the management.

(2) By a stipulation on the part of the mortgage banks, the registered deeds should be endorsed in favour of the Government to the extent of the Government obligation.

(3) The Government should have power to appoint trustees for the administration of the trust which may be created as in the case of Punjab Provincial Co-operative Bank, Ltd.

795. 36. (a) As soon as the hypothecation deed is registered in favour of the mortgage bank, the Sub Registrar should communicate the fact to the Tehsildar who should effect mutation in the name of the mortgage bank automatically.

(b) The sale should be conducted through the agency of the Registrar or an officer authorised by him or such special officer as Government may prescribe.

(c) None at present.

796. 37. No.

797. 38. There are possibilities of the following industries which are supplemental to agriculture:—

- (1) Rope making.
- (2) Tanning of hides.
- (3) Ginning.
- (4) Hand Spinning.
- (5) Chatai making.
- (6) Poultry breeding.
- (7) Sheep breeding.

798. These industries are suffering for want of capital, in cases where the people are not members of co-operative societies.

799. They can be advised to join the co-operative societies to remove this handicap of finance.

800. 39. The following two methods by which such industries could be encouraged and by which the producer might be enabled to get a better return for his labour and capital are suggested:—

- (1) That co-operative stores may be organised by these people themselves.
- (2) That the Industrial Department of the Government may purchase their surplus produce.
- (3) Preference should be given to such produce in all Government purchases.

801. 40. The following enterprises which may give employment to the farmer during seasons in which he cannot make full use of his time on his farm and thus enable him to supplement his income and raise his standard of living are suggested:—

- (1) Sheep breeding.
- (2) Tree plantation.
- (3) Poultry breeding.

- (4) *Patal*, rope and *chatai* making.
- (5) Spinning by women.
- (6) Basket making.
- (7) Bee rearing in Merwara tract.
- (8) Stone and slab industry.
- (9) Lime making.
- (10) Making of girdles (*tang*) for camels.
- (11) Contracts for cutting wood and hay in forests.

802. The best method of securing working capital for such enterprises would be through organised co-operative societies which will serve as the best financial machinery.

803. 41. The co-operative credit societies, except about 70 old ones which are fairly popular, number 499 affecting 356 villages and are doing useful work in rendering financial service and teaching the people the practice of banking. They are all with shares and thus encourage thrift which is so important and vital a part of banking. They encourage deposits by allowing higher rates of interest and preference to members over non-members.

804. 42. Only the Ajmer Central Co-operative Bank, Ltd., has got relation with the Imperial Bank of India and it is recorded below:—

- (1) That it has arranged an "overdraft" in current account against Government securities to the extent of 95 per cent. of the market value at the Bank rate.
- (2) The Ajmer Central Co-operative Bank has also arranged an overdraft with its Treasurer to an extent of Rs. 50,000 at 6 per cent. and also keeps its surplus cash with him. On amounts exceeding Rs. 5,000 the Bank receives interest at 3 per cent.

805. There do not exist any relations with the joint stock banks.

806. 43. The following defects are common among the co-operative credit societies in the areas familiar to me in the Punjab, Kashmir, Bengal, Bombay and Ajmer and I would tabulate them under the following heads:

- (1) Defects in organisation, bad selection of members, hasty formation, insufficient attention to previous indebtedness of members, failure to explain co-operative principles.
- (2) Defects of teaching and education.
- (3) Defects due to staff employed being unsuited and inefficiently trained.
- (4) Defects due to committees, selfish inefficient, partial, and irresponsible.
- (5) Defects due to central banks, i.e., the financing agencies, centralisation of power.
- (6) Defects of under and over finance.
- (7) Defects in bad and dilatory liquidation.
- (8) Defects due to bad accounts, want of inspection, bad audit and lack of supervision.
- (9) Defects in repayments—unpunctuality and not according to the promise; lack of immediate action against defaulters.

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(10) Lack of literate members.

(11) Lack of introduction of Pass Books.

(12) Non-verification of cash balances with treasurers.

807. As for No. 2 the following extract from paragraph 3 of the Sir Edward Macleagan Committee's Report will make it clear:—

"We cannot too strongly urge the necessity of careful teaching both before and after registration. Most of the faults which we have found in societies are due to the lack of such teaching."

808. 44. As for the short term finance in the case of co-operative banks there are no difficulties but for long term credit the following difficulties are obvious:—

(a) That the present co-operative banks in Ajmer-Merwara usually obtain deposits for periods not exceeding 3 years. From the figures received up to the end of the last co-operative year it would appear that not more than Rs. 80,433 were in deposit with the banks in Ajmer Merwara for periods of 5 to 15 years. This establishes the fact that in our co-operative banks virtually speaking there is a paucity of long term funds.

(b) The second difficulty is that capital for long periods is not forthcoming at cheap rates of interest to enable it to be utilised for long term investments in big and important enterprises

These are two serious handicaps and deserve the greatest attention.

810. The existence of 499 societies with 10,160 members and working capital of Rs. 10,44,462 accounts for the fact that the co-operative movement has touched 1.9th of the total agricultural population. The agriculturists in co-operative societies have nothing to complain of under-finance while it has been observed that their over-finance in the past is until now demanding the special attention and efforts of the co-operative staff to bring it to normal figure.

811. 45. No extra capital is required.

812. 46. There is no joint stock bank in this district and the Imperial Bank does not deal with agriculturists hence there is no competition.

813. 47. The following suggestions are made to afford financial relief by way of concession in order to stimulate the growth of the co-operative movement:—

(1) The societies should have free audit and the audit should be conducted by Government agency. This will relieve the societies of financial burden to some extent.

(2) Special registration officer should be appointed or the Registrar co-operative societies should be vested with powers to effect registration, under the Registration Act, of the members of co operative societies on the spot.

814. If the registration work is conducted on the spot it will relieve the agriculturists of the inconvenience, expenditure and distraction from agriculture.

(3) The societies should be exempted from payment of fees on execution of awards

(4) That the co-operative societies should be exempted from payment of income-tax on investments in securities.

815. 50. In this District the movement has not so far touched the small trader. The number of the industrialists in agricultural co-operative credit societies and of *Regars'* and weavers' societies is estimated to be not more than 1/10th of the total number of 10,610 members, i.e., 1,061. The financial needs of these members are being met by advances in cash. The members themselves purchase raw articles for their industry from the cheapest market. The movement is capable of meeting the reasonable and productive financial needs of these classes.

510. 51. The co-operative movement can be ramified to meet the following special needs of the urban area in this District:—

- (a) Credit for labourers and depressed classes.
- (b) House-building for middle class people.
- (c) Supply for non-railway employees.
- (d) Supply of dairy produce.
- (e) Credit for petty traders.
- (f) Credit among the following industrial classes:—
 - (i) Bangle makers.
 - (ii) Brass workers.
 - (iii) Basket, *mudda* and *chatui* makers.
 - (iv) Weavers.
- (g) Thrift among salary earners and ladies.
- (h) Better living among middle class people.
- (i) School thrift.
- (j) School supply.

817. 53. I agree with the suggestion put forward that the grower of produce in India does not get the full value of the produce. The unnecessary number of middle men eat up the margin of profits which would otherwise have gone to the original producer. Its solution only lies in the extermination of these unnecessary middlemen through some organisation. An attempt has been made to ensure a better return to the grower by starting a commission shop at Beawar.

818. Generally speaking with a few honourable exceptions (who are persons not indebted to any body) no produce is left with the agriculturists and they have again to borrow seed, grain for consumption, cloth, etc. They are within the course of a few months drained dry.

890. 55. The following communities practise money-lending:—

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> (1) Rawats. (2) Gujars. (3) Rajputs. (4) Jats. (5) Regars. (6) Cheetas. (7) Deswala. (Khanpura and Untra). (8) Pathans. (Gagwana) (1) Mahajans. | } | Agriculturists.

Non-agriculturists. |
|---|---|--|

Except numbers 1, 2 and 3, others are not of any notice.

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822. 54. The indigenous money-lenders finance agricultural production. The *mahajan* alone combines money-lending with retail sale of necessities of life with purchase of produce and marketing the same. The *mahajan* money-lender also advances for non-productive purposes, e.g., marriages and *mosar*, more often in kind than in cash. He combines other business with banking to the extent of about 50 per cent. Not more than 50 per cent. of these indigenous bankers live exclusively on money-lending and banking.

823. 57. With the exception of the region covered by the co-operative societies, the entire finance of agriculture trade and industry is in the hands of the money-lender. He advances seed, grain for consumption, cloth, necessities of life, yarn, manure and cattle in kind. He tries to seek most opportunities to advance in kind, since therein lies his best chances of profit.

824. None invest in industrial shares or keep bank deposits with industrial concerns to an appreciable extent.

825. 58. There is no organisation among the indigenous bankers in the rural areas.

826. The indigenous bankers have their own capital and depend upon its turnover. When they are short of funds in time of scarcity or financial stringency, they borrow from bigger bankers in towns but mostly they restrict lending.

827. 60. The money-lenders in the villages advance in the following ways:—

- (1) On *Khatas* (in cash and kind).
- (2) On stamps.
- (3) On registered deeds by getting mortgaged cattle, standing crops and other effects.
- (4) On usufructuary mortgage of land.

In the case of Nos. (1) and (2) personal sureties are also taken.

828. 61. The village money-lenders do not generally obtain deposits and hence there is no necessity for them to keep fluid resources. Their capital in trade is sufficient to finance their clients and they depend upon its turnover.

829. When they are short of funds, they contract loans but no cases have come to knowledge of money-lenders in rural areas receiving deposits systematically and regularly.

830. 62. Since they do not receive regular deposits there are no prescribed rates.

831. 63. For rates please see answer to Question No. 2.

832. These rates are being brought down by the working of the co-operative societies which (1) advance loans at reasonable rates of interest i.e., the market rate of deposit and incidental charges and (2) advance at a uniform rate of interest.

833. The competition though observable is slow. But these rates should be legalised as the accounts have been recommended to be kept regularly. The market rate of interest plus incidental charges and labour of entrepreneur would be a fair rate. There can be only two remedies, viz.:—

(1) More co-operative societies and (2) enforcement of legal compulsion.

834. No organisation on the part of the money-lenders would be able to achieve this object, since their self interest will always step in.

835. Reduction in the rates of interest would undoubtedly confer great benefit on the agricultural community and will solve the plea put forward by many economists that high rate of interest is a cause of poverty. It will afford material relief to the agriculturist who will find it possible to effect improvements in his land, increase sources of his income, and lead a better life. One of the great factors of the national prosperity of Denmark and Germany is the utilisation of cheap credit which has revolutionised agricultural industry.

836. 64. There is a prejudice prevalent in this locality against the indigenous banker, due to this defective system of his finance. The prejudice is not personal or for a class, but is fundamentally economic and due to the system of indigenous bankers.

837. Dealings of this class of bankers with their clients are not conducted on sound lines. The defects in their system have been pointed out in the reply to question No. 15.

838. 65. After making allowances for the return of capital employed either by borrowing from outside or owned and for legal expenses, management charges, incidental charges and risk involved, the indigenous bankers receive a net return of 1/3rd of the rate of interest they charge, i.e., (i) 33 per cent. may be accounted for the return of capital, (ii) 33 per cent. for expenses, administration, realisation and risk and (iii) the remaining 33 per cent. as net saving to them.

839. There are no figures to be quoted about this. As far as my knowledge of the District goes their business is gradually declining since the number of co-operative societies and the number of members is gradually increasing and since these indigenous bankers are facing financial embarrassment in rural areas.

840. 66. The indigenous bankers and money-lenders are not able to meet all the demands of the agriculturists and they are obliged to refuse both on account of the unacceptable nature of security offered and owing to insufficiency of their working capital.

841. 69. (1) There is not a large amount of money in the hands of indigenous bankers that does not find employment throughout the year.

842. (2) There is no such flow.

843. (3) In the face of points (1) and (2) above there is no reply to this part.

844. 74. As it would affect the interest of the indigenous bankers if any measures are introduced for regulating their operations and giving them publicity, there would naturally be an opposition on their part.

845. 77. (1) No. Since there would be no improvement in the situation when the co-operative banks are already in existence at the headquarters of this District and are prepared to finance the agriculturists both for long and short periods. These co-operative banks already enjoy legal, judicial, and fiscal concessions and are ideally best suited to replace indigenous banking systems.

846. (2) and (3). No reply is necessary on the face of above.

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847. **79.** From a survey of the agricultural and economic conditions of the District, it would appear that bad harvests, poor irrigation resources, continuous years of famine, heavy and chronic indebtedness, uneconomic holding, epidemics in cattle, indifference towards improvements in agriculture, untimely and ill distributed rain-fall, leave but a little margin of income over expenditure.

848. In such a seriously affected district, the agriculturists on many crops do not get back the cost of production. In my opinion, having all the aspects in view, there are not more than 15 per cent. of the agriculturists who get a surplus income over their expenditure.

849. **80.** From the figures given below relating to agricultural co-operative societies the following estimate has been made:—

(1) Number of members	10,610
	Rs.
(2) Savings by way of (a) Shares	2,65,262
(b) Deposits	19,402
(c) Profits	4,84,002
Total	7,68,666
(3) Average per member	Rs. 72.

850. The savings effected by the members of co-operative societies have not been voluntary, but have been due to their placing a self imposed compulsion on themselves, which other people would not else effect.

851. The adult male population of agriculturists in Ajmer-Merwara being 92,871 and assuming that not more than 10 per cent. of such population save (since only about 15 per cent. get an income over their expenditure), the net capital savings would be worked out as follows:—

	Rs.
(1) 10 per cent. of 92,871	9,287
(2) Average saving per co-operative member	72
(3) Total savings	$9,287 \times 72 = 6,68,664$

852. **81.** The usual habit of the people to invest in gold and silver is in the following ways:—

- (a) Hoarding underground of silver coins.
- (b) In the shape of ornaments of gold and silver for females.
- (c) In the shape of gold and silver ornaments for males.
- (d) In the shape of silver utensils.

853. There appears to be a decreasing tendency towards hoarding.

854. **82.** (a) By sale of produce the agriculturists generally repay their loans and in very rare cases either purchase other necessities of life or put it into agriculture.

(b) *Mahajans* utilise their receipts of monies in their own trade and lending business and if there is still to spare they deposit it in banks.

(c) Salary earners disburse their income in repaying their debt, purchase of necessities, payment of insurance premia and saving in other manners, i.e., deposits in Imperial Bank, post office and co-operative banks and thrift societies.

855. The figures given below would explain what influence the co-operative societies have exerted in effecting saving among the people at large :—

	Rs.
(1) Share capital in central societies	2,34,250
(2) Deposits in central societies	16,22,433
(3) Share capital in agricultural societies	2,65,263
(4) Deposit in agricultural societies	39,878
(5) Share capital in non-agricultural societies	1,51,309
(6) Deposits in non-agricultural societies	2,51,173
Total	<u>25,94,303</u>

856. 83. There is a small percentage of agriculturist money-lenders who lend to their brethren. They advance generally in kind and in certain occasions in cash. On advances in kind, i.e., badi they charge $12\frac{1}{2}$ per cent. to 25 per cent. On cash transactions they charge 15 per cent. to $37\frac{1}{2}$ per cent. They also lend against security of land, which they either take into possession and receive the yield, or they stipulate to take rental value in cash.

857. In a surplus year they either hoard their spare funds or extend their business gradually and cautiously.

858. 85. Yes, the banking and investment habit in India is of a slow growth which is attributed to the following causes :—

- (1) Indifference.
- (2) Lack of education.
- (3) Lack of banking institutions inviting the people to invest.
- (4) Improved standard of living.
- (5) High prices.
- (6) Costly social and religious customs.
- (7) A disproportionate increase in population with the income.

859. The following are the institutions for encouraging savings and investment habits :—

- (1) Post Office Savings Banks.
- (2) Imperial Bank.
- (3) Joint stock banks.
- (4) Co-operative societies.
- (5) Tambal or Ncata system.
- (6) Committees.
- (7) Insurance companies.
- (8) Provident fund schemes.

860. Yes; the public are provided with full facilities, except the joint stock banks. There should be more post offices conducting saving bank business.

861. 88. An extensive propaganda is required to convince those people who are unwilling to earn interest, for investing it on the following objects of economic public utility :—

- (1) Dispensaries for labourers.
- (2) Dispensaries for agricultural classes in central villages.

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- (3) Veterinary assistance.
- (4) Agricultural, technical, and industrial schools and colleges.
- (5) Free distribution of improved agricultural implements and seeds.
- (6) On the propagation of village uplift scheme which comprises the following aspects:—
- (a) Health.
 - (b) Sanitation.
 - (c) Maternity and child welfare.
 - (d) Preservation of wells.
 - (e) Reformation of social customs.
 - (f) Propagation of morality.
 - (g) Formation of arbitration *panchayats*.
 - (h) Primary education for boys and girls.
 - (i) Co-operative Societies.
 - (j) Agriculture model farms.

862. 94. The following are the existing banking sources in this District:—

- (a) Co-operative banks and societies.
- (b) Government *takari* loans.
- (c) Money-lenders.

863. These have already been commented on in detail in reply to question No. 12.

864. 95. The following places are suggested for the opening of Post Office Savings Banks and co-operative societies:—

Post Office Savings Banks.

Co-operative Societies.

- | | |
|----------------|---|
| (1) Gagwana. | (1) Other unaffected villages by co-operative societies. (A list* of villages in which there are already societies in this District is attached.) |
| (2) Jethana. | |
| (3) Sanod. | |
| (4) Loharwara. | |
| (5) Baherao. | |
| (6) Fatehgarh. | |

Oral Evidence.

865. *Chairman*: Do you come from the Punjab?—Yes, I am Assistant Registrar of co-operative societies in the Punjab. I came here on deputation.

866. Are you still on the Punjab cadre?—Yes.

867. How long have you been in the Co-operative Department?—I came here in April, 1927. I was in the Punjab before that.

868. In which district were you in the Punjab?—I was employed in all the districts of the Ambala Division, in Hoshiarpur, Jullundur, Lahore, Lyallpur, etc.

869. Do you find the conditions different here?—Yes, quite different from the Punjab.

870. In what way?—Here the peasantry are poorer than in the Punjab.

871. Are they more heavily indebted?—Yes.

872. Are there any special reasons?—The reason is want of facilities of irrigation, the land is less productive and famine and draughts also occur. Besides these there is a special bad habit of drinking and of wearing ornaments by men also.

873. In point of irrigation is the district somewhat similar to Campbellpur?—I have not seen Campbellpur.

874. Is opium eating largely resorted to?—It is more than in the Central Punjab.

875. You mean Jullundur, Hoshiarpur, etc.?—Yes.

876. Are the funeral and marriage expenses higher here?—I think the marriage expenses are not high here. Taking their status, the funeral expenses are higher.

877. Did Mr. Calvert undertake an intensive survey here?—Yes, I was not here at that time.

878. You have merely made a reference to it in your reply?—He made that survey long before I came.

879. How many co-operative credit societies have you got here?—More than 600.

880. When was the movement actually inaugurated here?—I think in 1912 or about that time.

881. Have you any central banks?—Yes, there are central banks.

882. How many?—Three central banks and three banking unions.

883. Do you think there is great room for extension of co-operative credit societies here?—Not very much.

884. At present?—There is not much room.

885. Then you don't think any special banking facilities are required?—No. Only a larger number of people should join the societies.

886. You would recommend a greater use of co-operative societies for banking purposes?—Yes. In rural area this is the best system, but for urban I will recommend joint-stock banks also.

887. *Lala Bal Kishen*: Sardar Sahib, a suggestion has been made to us to stop borrowing for unproductive purposes by legislation for marriages and *mosars*. Have you any views on this question? Should we depend upon legislation or on propaganda?—I think in some cases, for instance drinking, legislation is required.

888. What sort of legislation will you recommend?—I am in favour of prohibition by law in this area.

889. You think that the indebtedness to a certain extent is due to the drinking habit in Ajmer-Merwara?—I think it is one of the main causes.

890. Are you in favour of legislation against expenses for *mosars*, etc.?—I will include *mosars* also.

891. There is a proposal that loans for productive purposes should be given at cheap rates. Do you fear any difficulty in its working on the part of the indigenous bankers and money-lenders? Do you recommend that there should be different rates according to purpose and may be fixed by law?—I will have no objection to the different rates. I think the money-lenders will be in a position to give loans for both the purposes.

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891. Do you differentiate between the rates for these two purposes in co-operative societies also?—We make a distinction in the case of unproductive loans at the time of advancing loan.

893. You said that there are *zamindar* money-lenders also in Ajmer? Are their methods the same as those of the ordinary money-lenders or are they any better?—They mostly resemble those of the ordinary money-lender.

894. You will put the same restriction on them?—Yes.

895. You have given us very valuable information about the extraordinarily excessive rates of interest charged in certain cases. You have quoted about 6 cases of Nasirabad. Have you any idea as to who were the debtors?—I think I have given their names.

896. What is their occupation and their caste?—I do not know.

897. And the security offered by them?—This also I don't know.

898. Neither the purpose nor the chances of probable recovery?—No.

899. They casually came to your notice?—Yes, in the course of my inspection tours.

900. It has been said that certain facilities of recovery should be given to approved bankers and that they should be the same as those enjoyed by the co-operative societies. What facilities do the co-operative societies of your province enjoy in the way of recovery?—At present we are not enjoying any. We have got a rule that recovery can be made through revenue courts. As far as I remember we have not taken advantage of it.

901. In addition to this you have no other facility except arbitration?—No.

902. There is no other facility enjoyed by the co-operative societies?—No. Only arbitration and exemption from stamp duty.

903. *Chairman*: Is the award enforceable?—It is enforced in the civil courts.

904. *L. Bal Kishen*: In reply to question No. 3 you say "*panchayats* should be constituted under the *Panchayat* Act in the rural areas. The procedure of courts should be so simplified as to enable administration of justice" and so on, which cases will you allow to come up before them?—Some small cases may be handed over.

905. What is the limit?—Up to about Rs. 100.

906. Up to Rs. 100 no case should be heard in civil courts and the cases over and above that amount may go to the civil court?—Yes.

907. Will you provide an appeal?—In my opinion, if there is an appeal it must be to some union or the *panchayat*. There will be a central *panchayat* and the appeal may lie only to that central *panchayat*.

908. You have got the system of *janch* committees here. They were mainly organised to find out the actual sum due from the debtor to the creditor, so that the courts may not spend much time in going into the accounts and that these *janch* committees may go into them. Do you think these are better than the *panchayat*?—I think the *panchayats* will be better. Next to these, *janch* committees are very good.

909. Should it be made obligatory on the courts to send certain cases to the *Janch* Committees?—Yes, all the disputable cases may be sent to these committees.

910. At present these *janch* committees are only advisory bodies. Their decisions are not binding on courts?—My opinion is that they should remain as advisory bodies. In order to have the cases sifted they may be sent to the *Janch* committees first.

911. Won't you feel any difficulty as to which cases should go to the *janch* committees and which not?—I said all the disputed cases, i.e., those in which the defendant and the plaintiff do not agree about the sum due.

912. You have said that if a law for regulation of accounts is enacted in this Province, it should apply to all money-lenders, whether agriculturist or non-agriculturist?—Yes.

913. You say "as for the periods, it may be said that the local money-lenders advance for (a) and (c) from 6 months to one year and for (b) for periods up to 3 years". Do you think that if the *zamindars* paid their loans regularly the debt would not have increased so much?—To a large extent the debts have increased owing to non-payment by the *zamindars*.

914. What is required is a habit among the borrowers of punctual repayment?—I think this bad habit is also created by the money-lender. In backward areas we find that the people believe that more interest is charged and accounts are falsified, by money-lenders, etc.

915. Further on you say that "there are no indigenous banks and bankers, worth mentioning who play any part in the financing of agriculture". Do you mean the big bankers or small village money-lenders?—I mean the big bankers and not the village money-lenders.

916. Because, you also say that the major portion of the debt is due to the professional money-lenders and indigenous bankers?—Yes. I mean big bankers in the city.

917. Are there many bankers in the village also? What is the percentage of the money-lenders and the bankers in the villages?—There may be one or two big bankers, but their number is very negligible.

918. Now we come to the question of *takavi*, question No. 14. It has been generally represented before this Committee that the *takavi* loans to *zamindars* may be given through the co-operative societies. In your opinion they should be given by Government to the members of the co-operative societies through their co-operative societies?—Yes. I think Government should use the co-operative societies as freely as possible.

919. You mean village societies?—Yes.

920. What rate of interest will you suggest should be charged from members on such loans?—One per cent. over the rate which the societies have to pay to the Government.

921. What percentage of capital of a society will you get from Government in the shape of *takavi*?—I cannot fix the percentage.

922. Should it be more or less?—I think it should be less, because if you make it more, the society would not be having its own capital.

923. According to the present arrangement there would be different rates of interest: one will be 12 per cent. for those loans which are given from the funds of the society, the other $7\frac{1}{2}$ per cent. which are given from the *takavi* obtained from Government. For what purposes those at 12 p. c. should be given and for what purposes the other?—The *takavi* is only for improvement and relief

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during famines, and the other for necessities of life. *Takari* will be purely for improvement.

925. Then you will use this *takari* which you will get from Government for long term for permanent improvement and for no other purpose?—Yes.

926. In reply to question 18 you say "the general knowledge of the situation in the villages leads to the opinion that in these days, there is a scarcity of funds which is evident from the higher rate of interest prevailing in the villages." What other factors influence the higher rate of interest? Do you think that the dearth of money has raised the rate of interest?—I think this is the main cause.

927. You have been complaining that the indebtedness is very high in villages. Does this not mean that the loans were freely given?—I think loans were not given freely, but the compound interest increases.

928. You think there is a dearth of capital in the villages and you base your opinion on the fact that the rate of interest is high. Are there no other factors?—Want of security is another.

929. You mean to say there are two causes for it, one is want of security and the other is dearth of capital?—Yes. These two are the main causes.

930. How would you bring more capital into the villages? I think propaganda for thrift will bring it.

931. They should create their own funds?—Yes, I would like them to create their own funds by thrift and also by banking facilities. That will also teach them thrift.

932. And for that you consider the co-operative system best?—Yes, I think for villages this is the best.

933. When discussing the question of marketing you said that a small commission shop should be started with Government assistance and subsidy; you mean spending some money from the Government coffers on staff?—Yes. Staff and expert advice is required for doing any business. The villagers themselves have no advisers.

934. You will continue it for ever?—I think for a certain time.

935. Till they have their own funds?—Yes.

936. Have you any experience of crop loan banks of Madras?—No.

937. At present long term loans to the mortgage societies are provided by the central banks. They cannot invest any appreciable portion of the capital in these long term loans I understand?—No. But I think, at present, I am getting sufficient money. In the beginning I wanted to move cautiously.

938. For how long will it continue?—I think this cautious policy may continue for at least 5 years.

939. After that your funds must come from debentures or from Government?—Yes, from Government. At present I am not in favour of debentures.

940. Is there any difference between your mortgage banks and mortgage societies?—Yes. Mortgage societies are only for one village. Mortgage banks are meant for many villages, for a larger area.

941. This restriction that the Registrar of Co-operative Societies should sanction loans above Rs. 500 is necessary because they are not educated enough?—It is only a caution in the beginning. I think in this I followed your system. You issued a circular.

942. You agree with that circular?—Yes. Because it is copied from the Punjab.

943. Rates of interest in these societies are 8 per cent. to 10 per cent. for long term loans?—I think now it is mostly 8 per cent.

944. Don't you consider the present rate of interest high for improvements?—Yes, I think it is high and therefore we are decreasing it to 8 per cent. In your time it was 10 per cent.

945. Will you be able to get your funds at a sufficiently low rate?—Yes. We are getting at 6 per cent from the central banks.

946. The policy of the Co-operative Department is to bring the rates down to 8 per cent. and your experience is that with 10 per cent. you cannot make improvements on land?—Yes.

947. Have you felt any difficulty in the working of mortgage banks?—Up to the present I have not.

948. Recoveries are prompt?—Yes, except in a few cases in which the percentage of recoveries is very low.

949. You never experienced any difficulty in taking charge of the security?—I think my experience is if we move cautiously there will not be any difficulty.

950. You mean that the stage of taking charge of land will not arise?—No. There may be some difficulty in a few cases, but there will not be much. I take security of the old and present lands and also good personal securities.

951. In reply to question No. 36 you say "the sale should be conducted through the agency of the Registrar or an officer authorised by him or such special officer as Government may prescribe". Can the land be sold in the case of debt to the mortgage banks?—Yes, with the permission of the District Magistrate. After taking the permission, the sale may be made through some official agency so that a good price may be obtained.

952. To get a better price you want to introduce Government agency for the sale of the lands?—Yes.

953. You feel no difficulty about the Collector giving the sanction easily for the sale of the land?—I cannot say that.

954. Then what is your security?—At present we depend on the income and personal security.

955. If he does not give, then the loss will go to the mortgage bank?—Yes, but the loss will not be to a large extent.

956. To the extent up to which you have advanced the loan?—Yes.

957. In reply to question 38 you say "these industries are suffering for want of capital, in cases where the people are not members of co-operative societies". Where the people are members of the co-operative societies, they take loans for these subsidiary occupations from the co-operative credit societies and this system is working all right?—Yes.

958. You would not recommend separate societies for them?—I think that experiment has not succeeded.

959. You will make co-operative societies give loans for these industries also?—Yes.

960. You have given us a very interesting note on the defects which you have noticed in the co-operative credit societies. First come the defects in organisation and then bad selection of members, hasty forma-

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tion, insufficient attention to previous indebtedness of members, failure to follow co-operative principles, etc. Then it will take a very long time to form co-operative societies in all the villages, because people have to be educated very thoroughly, before organising a society and whatever difficulty you have experienced is due to hasty action and the co-operative movement which you recommend for providing banking facilities to the agriculturists has to proceed very cautiously!—Yes.

961. You recommend that audit of the co-operative societies should be free. You will recommend it always to be free or up to a certain time only?—I think it should be for a sufficiently long period.

961(a). On what basis?—I think for about 5 years for each society.

962. This recommendation is only to give them time to build up their own capital?—Yes.

963. In the reply to the same question you recommend the appointment of Registrar of Co-operative Societies as the Registering Officer for documents. It is only in connection with co-operative members and not others?—Yes.

964. What do you mean when you say that "the co-operative societies should be exempted from the payment of income tax on securities?—At present securities are free from income-tax. But we have to apply to the Government for exemption from the payment of income tax.

965. The facilities are there?—But the people are not taking advantage of them.

966. It is their own fault and not of the Government.

967. *Prof. Chabani*. I would like to put some general questions on the co-operative movement in this province. Is not the movement at the present moment able to get all the funds that it needs from outside at a comparatively low rate of interest?—Yes. We are getting quite sufficient funds at the usual rates.

968. Both by way of deposits and by way of cash credit from the indigenous bankers?—From deposits.

969. Have you not got cash credits?—Yes we have got for about Rs. 50,000.

970. At a rather reasonable rate of interest?—That amount is at a reasonable rate. The person in charge of it is a cashier.

971. Considering the arrangements at present you don't feel any difficulty in getting funds at a reasonable rate of interest?—As regards deposits or cash credits?

972. In regard to both. If deposits are more preferable you will have them?—Yes.

973. Whatever funds are needed for the extension of the movement you are able to get?—Yes, at a comparatively reasonable rate of interest.

974. The rate of interest allowed on current deposits in Beawar Central Bank is only 2 per cent?—Yes.

975. It is just the rate which the ordinary joint stock banks elsewhere pay?—Yes.

976. On fixed deposits between 3 and 5½ per cent.?—Now it is raised to 6 per cent.

977. Is not that a reasonable rate as compared to what joint stock banks pay?—Our rate is higher.

978. Your rate is higher by how much?—It may be by about 8 annas to one rupee.

979. Are these deposits attracted from urban savings or rural savings?—Mostly from urban savings.

980. Are the deposits from the primary societies substantial or negligible?—Negligible.

981. Are the deposits of agricultural primary societies in the central bank substantial or negligible?—Compared to the urban capital it is negligible.

982. What is the proportion compared to the deposits of non-agricultural societies in central banks?—I do not remember the proportion.

983. It is said in your official reports that about 28 per cent of the amount due to the central bank in Ajmer by all kinds of societies is from non-agricultural societies?—Yes.

984. Regarding the ability of the central bank to attract deposits, is it due to the reputation of the primary societies for sound business or the reputation of the central bank?—I think it is due to both.

985. The general public deposit money with you considering that the primary bank is quite safe to lend to?—Yes.

986. Is it due to the actual check of the Registrar's staff or is it because of the belief that Government is behind it?—It is owing to the belief that the Government staff is supervising the societies.

987. Is it also owing to the belief that in the last resort there is the Government support behind the central bank?—I think only supervision is taken into consideration. They know that Government is not responsible for the losses or for anything else.

988. Do you think that the average member who keeps his deposits with the central bank ever enquires if the primary societies are safe?—No. He does not enquire about primary societies but he knows that the societies are being supervised by the Government staff.

989. It is owing to the fact that there is the supervision of the Government staff and Government moral support. Is it not also due to the belief that in case of failure the Government will help the central bank that the Government is in some way or other responsible?—No, because the depositor is mostly from urban area. He is educated, and knows that Government will not help.

990. Do you think if the control of the Registrar was withdrawn the bank would actually be able to command deposits?—Joint stock banks are able to command deposits.

991. I am asking you about the central co-operative banks?—You may run the central bank on the same lines.

992. The co-operative movement is run all the world over without any responsibility of the Government staff. It is peculiar to India to bring in the Government staff?—If it is running on sound lines there will be no difficulty.

993. I am asking whether it will run on sound lines without your staff?—I cannot say about the future. At present it is running on sound lines and getting deposits.

994. Would there be any difference if the Registrar's control was withdrawn tomorrow from the central bank?—I have got no experience. If it runs on sound lines there will be no difference. Probably in the beginning it might have made some difference. When they find that it is running safely, there will not be any difficulty.

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996. Would you as a co-operator welcome such an experiment being made so as to test the soundness of the co-operative movement?—Yes. I think there is no harm.

997. Is there any possibility of attracting savings from rural areas in this province?—I think not, because the saving capacity or the surplus income among the peasantry is not much.

998. Three-fourths of the land is *barani*?—Yes, and there are bad years.

999. What is the average number of bad years in a period of ten years?—Since I came there has not been a single good year.

1000. Considering this fact that in ten years you never had a good crop, considering the average return to the agriculturist, what do you think is the size of an economic holding in this Province?—I think on irrigated areas it may be 5 acres; in *barani* it requires about 50 acres.

1001. Five acres of irrigated land in a good year or in an average year? Spread over ten years will 5 acres give you sufficient average return for ten years to maintain a normal family?—I think so.

1002. Have the majority of the people got a holding of 5 acres of irrigated and 50 acres of unirrigated land?—No.

1003. What is the percentage of the annual addition to the reserve fund to the total amount of loans outstanding?—We added about 5 lakhs last year.

1004. Annual addition?—It is the total amount.

1005. I want the annual addition?—It was about 1 lakh last year.

1006. What is the total amount outstanding?—About 14 lakhs.

1007. And what is the total amount of the reserve?—About 5 lakhs.

1008. That means that last year you added 20 per cent. new addition to the reserve?—I am sorry, it was Rs. 50,000 in the year.

1009. It means that this accumulated reserve is the result of ten years' working?—In some societies it is 5 years.

1010. I am talking of the movement as a whole?—In some years it will be more, in some years it will be less.

1011. The total of outstanding loans was Rs. 14,00,000. What percentage does it work out to: Rs. 50,000 to Rs. 14,00,000?—About 3 per cent.

1012. Excluding the central banks, what will be the percentage of the reserve to the total outstanding amount of money borrowed by society?—14 lakhs is the whole amount.

1013. If the central banks are included. I am now excluding central banks?—This I have not got.

1014. At one end the movement is able to borrow at rates varying from 2 to 6 per cent.?—Even 7 per cent., in some cases as in the case of banking unions.

1015. At the other end the rate charged to members varies?—It is 12 per cent. mostly. Excepting mills societies it is from 8 to 12 per cent.

1016. Eight per cent. is charged to member societies?—Yes.

1017. I am talking of loans to members of societies?—Then it is 9 per cent. to 12 per cent.

1018. Are you also including building societies and urban societies?—No I am not considering that at all.

1018. (a) Considering this margin between the lending rate at one end and the borrowing rate at another, what percentage of this difference

really comes to the reserve?—I cannot tell you. We only keep one-fourth.

1019. Much of the benefit from this margin is swallowed up in the expenses of the movement leaving only a little percentage for the reserve?—Yes, dividend, etc.

1020. Is it a fact that the dividend in Beawar Central Bank was in 1926 $4\frac{1}{2}$ per cent., nil in 1927, in 1928 5 per cent., so that the average is only 3 per cent.?—Yes, only in the Beawar Bank.

1021. So that considering the movement in Beawar you cannot say that the dividend is in any way higher?—Only in the Beawar Bank.

1022. It is merely the deposit rate?—Less than the deposit rate.

1023. In spite of that wide margin between the lending rate and the borrowing rate during the last 4 years in Beawar?—It was owing to the new change in the policy. First dividend was paid from the unrealised profit but from the last 4 years it is paid from the realised profit.

1024. I am not talking of the realised profit of the year. The real net dividend which is justifiable is only about 3 per cent. I pass on now to the next question. Has the movement in your opinion been able to lower the rate of interest paid by the agriculturist?—I think the greatest service the movement has done is this one.

1025. Do you think the rate of interest paid by the agriculturists has gone down appreciably since 1913?—Yes. There may be exceptions, but on the whole in the market I find like this. This is the opinion even of civil courts.

1026. I will just read out to you a passage from the Report of 1913. "Interest on big sums is very low in Ajmer; few of the better men pay 6 per cent., a very large number pay only 12 per cent. and a few as much as 18 per cent."?—In Ajmer city or

1027. In Ajmer Tehsil. Can you say the same about 1918? This is Mr. Wilberforce's Report?—I think this report is not representative or the true index of the time.

1028. Considering the position in Ajmer city, do you think this description has materially altered for the better to-day?—Yes.

1029. People are able to borrow at less than 6 per cent., a few at 12 per cent. and practically none at 18 per cent.?—I think so.

1030. Can you get specific cases wherein the *bania* has charged lower rates of interest?—I do not know if the *banias* charge lower than this.

1031. Then you can't say that the rate of interest has gone down? I am talking of open debts, not mortgage debts?—Here is the difficulty. I have no power to go through the records of the money-lender.

1032. When expert information is given to us that the rates of interest have gone down, we should be able to test its accuracy. Can you help us to test it?—Yes. Again I cannot see the records of the money-lenders.

1033. What I want to know is on what records is your opinion based?—I have told you there is no evidence in judicial cases. I inspect societies, go to members and enquire from them. My enquiry shows that the rate of interest has fallen.

1034. Can you give us any concrete case?—Go to any society, you will hear this.

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1035. Hearing is a different thing. I want a concrete case which I can investigate!—I have not got records of money-lenders. You can see them.

1036. Can I get the record for 1913?—I think so.

1037. Can you possibly trace out particular cases between 1913 and to-day?—Enquire from the civil courts. The decrees were then given at higher rates. They are much lower now than they were before.

1038. The market rate of interest in India, for instance the rates on Government loans have gone down during the last 3 or 6 years? Take a year before 1924?—I think that has not affected the Indian peasantry.

1039. The market rate has an effect on all borrowers and lenders!—You are talking of co-operative societies?

1040. Surely co-operative societies do not come from the heavens. They are as much affected as the others!—Professor Sahib, you will be misled if you connect the peasantry with the money market of India. Indian markets never affect the peasantry in Ajmer.

1041. I am talking of the effect on the *bania* himself. The *bania* is not going to lend to you at a lower rate of interest when the market rate goes up!—It has been the same for 5 years or 12 years. That is what I will say.

1042. I do not want what you say but what you can substantiate by facts!—I have got no power to see the records and I am not talking from the records. You know the peasantry in the villages. Any fluctuation of the markets in the city does not affect them. That is my experience.

1043. Even when the money market is extremely tight!—It was tight 5 years ago in the city. The rate then became higher and naturally it makes a difference to the villagers.

1044. Can you verify your statement that the rate of interest paid 13 years ago on open debts had actually gone down?—I think the best authority will be the civil courts.

1045. That is quite true. I will try to refer to the civil courts. I want to know whether you can help us?—I was not here 12 years ago. I only heard from people.

1046. You never had a *haisiyat* register before?—No.

1047. Has the movement been able to decrease the total borrowings of the members?—This will be very difficult to tell you, because there was no record when the society was started. We never had any record. It was only about 3 or 4 years ago that this system was introduced.

1048. Has the total borrowing of the members gone down since 1921 or 1922?—I cannot tell you. About A and B classes I can tell you. About C and D I cannot tell you. The record was never kept complete.

1049. I want to know whether the total borrowings had declined?—I will say in B and C class societies that it is so.

1050. I want for the movement as a whole?—I think it is so.

1051. In 1918 or 1919 Mr. Calvert made an investigation into 18 villages. Have you compared his statement of the mortgage and secured debts with the existing debts?—No.

1052. Can you give us the names of those 18 societies?—No.

1053. Can you tell us whether the number of the people free from debt has been increasing?—Yes in A and B class societies.

1054. I want for the movement as a whole?—I think so.

1056. You had an experiment made in the Province of paying off the bulk of the members' debts in 1917-18. What was your experience?—I think it was a failure.

1057. Have not those members of the societies once again increased their debts?—Yes.

1058. Can you give us the correct figures for liquidated societies ever since the inception of the movement?—I am sorry I cannot give. I can give the total number.

1059. Can we get the total number?—Yes.

1060. I find from the Beawar Central Co-operative Bank's report for 1928 that the total loans due from the liquidated societies was Rs. 90,283 of which only Rs. 10,000 odd was recovered?—Yes, something like Rs. 10,000 was recovered in 1928, but in the previous year a larger amount was recovered.

1061. But 1927 was not better?—It may be less than that, because the year was bad.

1062. But more societies come under liquidation every year?—The number may increase or decrease.

1063. Can you give me a fair idea as to the balance remaining outstanding?—I will send you these figures.

1064. You recognise that the essence of co-operative movement is mutual control in the matter of credit. Are there any means available to the central bank in this province to control the work of a primary society?—We send an annual statement or register of *haisiyat* to them for fixing the maximum credit limit. They see from this statement what amount they should fix for each society, having regard to the position of the society. I think this is the greatest control which they have got.

1065. Excepting the maximum credit limit is there any other means available to them for exercising any control over the societies?—Besides that, societies are members of the central bank and at the general meeting they elect their representatives, which is about half the number.

1066. Do the members of the central bank ever get any statement from the societies showing the purpose for which they borrow from them?—In the application the societies mention the purpose for which the loan is wanted. They also get a copy of the *kistbandi*.

1067. There is no record of the *kistbandi* kept by the central bank?—They keep it.

1068. It is not prepared by them?—It is prepared by the society. They send it to the central bank.

1069. Does the central bank exercise any control in the matter of *Kistbandi*?—They can increase it if they like; but they don't decrease it.

1070. If they think that the *kistbandi* is too low?—In case it is less, they can increase it.

1071. Can you tell me the percentage of cases in which the central bank has increased it?—No.

1072. There is no record of the *kistbandi* or maximum credit limit in the bank?—Yes; there is.

1073. Do you actually find from experience that the representatives of these societies on the central bank exercise a real control over the affairs of the central bank?—Yes, because they have got a voice; they can vote.

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1074. I am asking you about the actual experience not the theoretical power. It is said that most of them don't understand the business!—I have never heard of this complaint.

1075. I will now pass on to the question of mutual control exercised by members of the society over one another. You have got the *kaisiyat* prepared. Is this *kaisiyat* prepared by the society or by your office?—It is prepared by the sub-inspector, who writes at the bidding of the members.

1076. Does he write at their bidding or do they accept his bidding?—He writes at their bidding.

1077. Are you aware that in good many societies the actual debt exceeds the *kaisiyat*?—You mean the open debt? Not in a large number of societies.

1078. Are you aware that the loans of many societies are practically locked up?—Yes, it is.

1079. Do you think it a satisfactory state of affairs?—No.

1080. Is not it evidence to show that mutual control has not been exercised?—It is mutual control which is misused by the members.

1081. Can you tell me whether the officer does it or the members?—The members themselves.

1082. Then so far as the members are concerned, the members are not exercising mutual control over the movement?—Yes, you are right.

1083. How do you determine the maximum credit limit?—There are different rules. Where the man is a proprietor, we take 20 times the land revenue and where he is a cultivator, we take 10 times.

1084. Do you not also see that it does not exceed 1/10th of the working capital?—Not in all cases. One test is 1/10th and the other test is that if 1/10th is less than Rs. 50, we take Rs. 50.

1085. In fixing this maximum credit limit does the society ever consider the possibility of a man increasing his income by getting more advance for productive purposes?—I don't understand your question.

1086. You say that his income is measured by land revenue, but a man may borrow for the purpose of increasing his income, and if the purpose is a sound purpose which will increase his capacity to pay, then it is not merely his existing income or his existing property that should be taken into account, but his future income which may be increased by means of loans for productive purposes? We do not take that fact into account at all. In cases where we find in old societies that the man is paying regularly we increase his maximum credit limit. But the fact referred to by you is not taken into consideration.

1087. And yet I find that in the Co-operative Central Bank, Beawar, there was an abundance of surplus money which it was unable to utilize?—Yes.

1088. I find that in the older reports of the Beawar Central Bank, there is a statement showing the land mortgages, mortgage debts, redemption money, unsecured loans and amounts paid to settle them up. Since 1917 I find no such table. May I know if we can get also the number of members in the societies for which the older statements were compiled?—These are all old reports; I do not think we will be able to get the number of members. There is no record in my office to show that.

1089. There must be these reports of the Beawar Central Bank?—Perhaps they never sent these reports to the Registrar; they are their

private reports. There may be copies in my office. But now they don't send such a statement.

1090. Can you tell me for how many years they have got these figures?—I think in recent reports they have not given this information.

1091. For how many years have they got these reports?—I don't know; I will try to get this information for you.

1092. The only additional information that seems to be necessary is the number of members?—Alright. Will you kindly send me a copy of this, so that I may send you the required information.

1093. Regarding the percentage of recoveries to outstanding loans in a year, has there been any appreciable improvement in this respect during the last two or three years?—This year was better than last year, and similarly the last two or three years were better than the previous 5 or 6 years.

1094. Comparing about last ten years, have you ever tried to find out whether this percentage is steadily improving or going down?—I know about the last 3 years, and I can say that it is improving.

1095. I notice however that the figures given to us by the Beawar Central Bank seem to show that the percentage of recoveries from the rural credit societies in 1926 was 2/13ths and in 1928 also it was 2/13ths. So it is not improving?—In the case of the Beawar Bank it is not improving, but in the whole Province it is improving.

1096. There is also a substantial difference between the paper profits and the realised profits?—Only in the Beawar Bank, not elsewhere.

1097. Also in the other central banks?—No. I think the Ajmer Central Bank is doing very well in this respect.

1098. Could you kindly give us the percentage of cases in which the society has to fall back on sureties?—I cannot give you the percentage of such cases.

1099. Is that number increasing or decreasing?—From last year it is decreasing.

1100. Before last year?—It increased, I think.

1101. How much?—I know of only three years. I cannot say definitely.

1102. There is no record in your office to show that?—For the last three years I have got a record. I will find it out from the record.

1103. Are you quite sure that when repayments are made to societies, money is not borrowed from *mahajans*?—I think in good societies it is not done, but in bad societies I think it is done in some cases.

1104. And payment is made to the *mahajan* by borrowing from the society?—In bad societies only it may be, but it would be a very foolish act.

1105. Have you any typical cases to show where fictitious payments have been made?—There may be few cases, but on the whole it is not done.

1106. Is that kind of thing at any time common?—It has not come to my notice.

1107. Before you arrived here?—I don't know.

1108. Can you leave even the oldest of your A societies without any control of your staff?—I think really the staff have not got any control over them. 'A' class societies we can leave to themselves. At present they are only nominally controlled, say in the matter of writing their accounts.

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1109. Can you dispense with that altogether?—The Central Bank will take it up if I give it up. However there is no harm in having an experiment of this sort.

1110. Is it a fact that the Ajmer Bank was compelled to reduce interest on loans due from 16 heavily indebted societies from 6 per cent. to 3 per cent.?—Yes.

1111. On whom had the loss fallen?—I think the central bank had to bear that.

1112. And yet all loans were given on the recommendations of your staff?—Yes.

1113. Ordinarily when a depositor keeps a deposit for a year, if he wishes to leave his deposit for another year, interest will be added to the principal?—Yes.

1114. If the society has borrowed money at 5 per cent. or 6 per cent. from the central bank, the central bank in such a case will pay compound interest from 5 per cent. to 6 per cent.?—In the case of societies except in bad years they get interest six monthly.

1115. I am talking of a depositor. Take the position of a depositor in a central bank. A depositor has a right to add his interest to the principal every year. So in effect the central bank has to pay him at compound interest at 5 per cent. or 6 per cent. Can the central bank then give loans for long periods at 8 per cent. simple interest?—Central bank gets interest six monthly.

1116. But if interest is not paid, it practically amounts to compound interest; it is not really simple interest. Don't you see that the statement that the bank lends to societies at 8 per cent. simple interest is rather a misconception of the actual fact, since interest is always paid half-yearly?—But not in all societies. Such cases of arrears of interest are very rare.

1117. What I want to get at is whether the central bank can lend long period loans at 8 per cent., simple interest, when it has to add to principal every year or half year in the case of its deposits. The distinction between simple interest and compound interest cannot arise when interest is paid half-yearly?—You can say like that.

1118. If simple interest is added to the capital of the depositors, and the whole sum is advanced as a loan to somebody else at simple interest, the central bank cannot afford to charge 8 per cent. simple interest in case of arrears of interest?—I think so.

1119. I pass on to another test of the soundness of the co-operative movement. Do you think that the average member of the average society has become more businesslike and prudent?—I think there is great improvement in this respect.

1120. You think he has also become more prompt in repayment?—Yes, I think since the last two or three years he has become prompt.

1121. You think that he has also become unwilling to borrow from outside except for productive purposes?—I don't know definitely.

1122. Do you think that the man has actually learnt the proper use of credit?—I think they know that the society does not advance for unproductive purposes.

1123. If this improvement has really taken place, then such people should be able to borrow from the *mahajans* at a much cheaper rate of interest after becoming members of the co-operative societies?—Yes, you are right.

1124. The figures sent by you clearly show that the open debt is substantial. So, on that open debt the co-operative society members ought to be paying much less interest than outside members do?—I don't think so. They are old loans.

1125. But you say that they have become more businesslike and prompt in payment; that they borrow only for productive purposes; they are more honest and straightforward in their dealings. If all this improvement has taken place, then from the *mahajan* they should be able to borrow at a lower rate of interest?—They are old loans, and the contract which they made with them is being enforced.

1126. But in the course of six or seven years the old debts must have been wiped out if this improvement has taken place?—I think in many cases these members think that these loans have been increased unnecessarily and are also resisting payments to these people.

1127. And if they borrow new loans, they don't borrow from the *mahajans* at all?—I don't think they do. I say so of the improved members, they don't borrow from the *mahajan*.

1128. And the average member is an improved member?—Yes.

1129. One very interesting fact arises from the figures given by you. It appears that a very large amount of the money of the central bank is unutilized?—Yes.

1130. I notice from the Ajmer Central Bank Report that out of 11 lakhs of borrowed capital with the Central Bank of Ajmer as much as 6 lakhs have been invested in Government securities?—Yes.

1131. Is there any saving in borrowing from outside and investing it in Government securities?—In the beginning this policy was adopted to have fluid resources, but as the deposits came and we could make a profit out of it, we continued it.

1132. Why was it invested in Government securities?—Because we get a better rate of interest there.

1133. You want therefore to profit at the expense of the depositors, not for the purpose of utilizing the funds in the interests of agriculturists, but for the purpose of investing it in Government securities?—Depositors also receive their share of the profits if we receive deposits from them.

1134. But the depositor is an urban man. You are now trying to profiteer like a profit seeking institution almost, and pay him less, while you get more out of your investment in Government securities to the extent of 6 lacs. All that profit is not in the interest of co-operation, because it is neither in the interest of the agriculturist nor in the interests of the depositor who has built up this central bank?—I do not make any distinction between the urban and rural depositor. The reserve fund is Rs. 1,20,000, fixed deposits amount to Rs. 91,000, other borrowings are Rs. 1,87,000 and then current account about Rs. 1,00,000. I think there may be some current deposits as well, and we have got to keep fluid resources as well.

1135. But this 6 lacs out of 11 lacs remains unutilized so far as the movement is concerned except by investment in Government securities. I put it to you as a co-operator. If you borrow this money at a cheap rate of interest from the outside public and utilize it in advancing it to agricultural societies, would it not prove more beneficial?—I think these six lacs represent reserve fund and current account, and we have invested this amount in the Government securities as we have to keep fluid resources on account of these. Besides,

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we have got cash credit account with the Beawar Bank. It is however not six lakhs now; about two lakhs have decreased. This is my opinion that we keep it for fluid resources.

1136. I quite understand your point; but what I ask you is, do you regard this as satisfactory from the co-operative point of view?—It is more sound.

1137. In what way does this differ from the principles of a joint stock bank which gives the depositor less and earns more profit for itself and not for the borrower or the depositor?—I think there is no difference between a central bank and a joint stock bank. They are mostly run on the same principles.

1138. And yet Government has given certain privileges to the central bank which the joint stock bank does not enjoy?—You can give these privileges to the joint stock bank as well.

1139. Can you distinguish between a joint stock bank and a central bank?—In the central bank the profit does not go to the pocket of an individual, but it is mostly utilized to strengthen the movement and to make it more sound and to have more reserve. In the joint stock bank it goes to the pocket of an individual. If they derive any benefit, they will divide it up to 20 per cent. or 30 per cent.

1140. Why should it not go to the depositor from the co-operative point of view, if it can't be utilized in financing the members of co-operative societies?—After having invested the deposits in Government securities we have made now large profits for the movement.

1141. To balance some losses?—We have not suffered any loss.

1142. Is it not a fact that the movement is so unsound as to necessitate the liquidation of societies every time?—We may perhaps raise the rate of deposits, when we make more profits.

1143. Why is it that you are unable to utilize these six lacs in financing agriculture?—We cannot finance our members beyond the limits of safety.

1144. Although your members are heavily in debt, they still need money?—I think we are meeting their demands.

1145. Why are they having outside debts?—I am discouraging that also.

1146. On the one hand you say that there is scarcity of capital in the village....?—Not for the members.

1147. Have you reached the limit of credit to be given to the members?—In the case of all good members and good societies we have got sufficient funds to advance.

1148. So the movement on the present lines is incapable of further expansion because you have already reached the limit?—In the case of non-members you mean?

1149. I am talking of the members of the present co-operative societies. So far as the co-operative societies are concerned, the utmost limit of financing them has been reached. You cannot go beyond that?—Yes, you are right; that is the position, but they do not require any financing.

1150. They do require to wipe off the old debts. You consider that a bad policy simply because it is unsafe?—They don't want to pay these old debts.

1151. Why?—I don't know. Perhaps they think that these loans have multiplied and they want to compromise with these people.

1152. In that case the movement does not encourage them to pay off their old debts?—There is an idea amongst the members who now understand money matters that these debts are the accumulation of compound interest, and I think every sensible man will do like this. If the *mahajans* so desire they can go to the civil courts.

1153. So, he does not pay and asks the creditor to go to the civil court?—Yes.

1154. You also keep deposits with the indigenous banker at 3 per cent.?—In cases where we have got cash credit account. When our money is with them, they pay 3 per cent. It is a current account.

1155. Don't you keep your surplus money with him?—We don't keep our surplus money with him, except for a few days at a time.

1156. On an average what is in a year the amount deposited with the banker?—It is not a very big sum; it is only for 15 days or so. It is the arrangement with the cashier.

1157. Even the non agricultural societies seem to be unable to utilise the funds which they have got?—Yes, I think in some cases it is so.

1158. So that considering the limits of credit, in the present circumstances there is more money than you can employ profitably?—Yes, it is.

1159. I want to know from you the effect of the Land Alienation Act on the security available to the societies?—I think the societies are being dealt with as private money-lenders.

1160. Do you think the security available to the society is substantially less because of the fact of the Land Alienation Act?—I think so.

1161. Do you find any justification for putting these restrictions of the Land Alienation Act when a man borrows money from the co-operative society?—Co-operative society should be dealt with like a private society in the case of an ordinary loan.

1162. The object of introducing this Act was that the moneylender was not dealing fairly and was getting hold of the land. In the case of co-operative societies the dealings are fair. What is the justification then for reducing the security?—So far the societies are dealing fairly, but later on corruption may come into the societies as well, just as we made mistakes in the beginning. So I think in this respect the co-operative societies should not be given any concession.

1163. Don't you think it will materially help to reduce the rate of interest?—I don't think so, because we are already decreasing the rate of interest whether there may be security or not. As soon as the funds increase we decrease the rate of interest. If any more security was available they would be able to borrow more money at a cheaper rate of interest.

1164. In other words, they will be tempted to borrow more and more?—They will not be tempted to borrow if there is mutual control in the societies. Co-operative societies aim at mutual control. It is on that basis that they really control the borrowing. The Land Alienation Act attempted to control borrowing by reducing the security; co-operative control increased the security.

1165. Are you aiming at increasing the security of the society or decreasing it?—I make two distinctions. One is to increase the security of the society by retaining in the hands of the agriculturist his old property; and the other is to create in the case of such society its own funds.

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1166. I am just trying to understand whether the security which you may have in the case of co-operative societies is due to your having mutual control?—I keep my faith in the honesty and morality of the man.
1167. What about these mortgage banks. So far these mortgage banks have not dealt in large sums of money?—Yes. You are right.
1168. These mortgage banks are getting money from the central bank. I notice that nearly 1/3rd of the fixed deposits are for one year, leaving aside the current deposits, and in most cases, rather in almost all cases, the period of the deposit does not exceed three years?—I think so.
1169. How can the central bank lend for longer periods when its own money is for shorter periods?—The loans given to these mortgage banks are very small....
1170. You cannot raise sufficient amount?—After that I will approach the Government and will ask for debentures.
1171. When you issue debentures, they will be saleable in the open market. What is the ultimate security for debenture in a Province where in the case of *istimrari* areas the land can neither be mortgaged nor sold and the debt lapses on the death of the man and in the case of the other areas alienation of land is prohibited except with the special permission of the Government?—These mortgage banks will not work among the *istimrardars*.
1172. In the case of other areas in time of crisis the debenture holders cannot resell leases for 20 years?—The debentures should be issued on the lines of the Punjab, where they are purchased because the Government has guaranteed interest.
1173. If the Government guarantees interest, Government too must have security to fall back upon in time of crisis?—If it has proved a success in the Punjab, it will be a success here as well.
1174. Has a crisis ever come there when the security failed and leases of 20 years were offered to the debenture holders?—I don't know.
1175. Then how do you say that they have proved a success in the Punjab. There has been no crisis to test the soundness of the system?—We have not yet reached that stage here, so my opinion will not be of much value.
1176. There are some interesting suggestions made by the Ajmer Central Bank. Are you in favour of co-operative banks doing exchange business?—I have no objection.
1177. You think matters are ripe here?—I think in the case of the Ajmer Central Bank they are so.
1178. Do you think that the Co-operative Societies Act should be amended so as to admit of loans being granted to petty traders?—I have no objection.
1179. What is the interest on current account given to the Co-operative Central Bank by the Imperial Bank?—We get no interest on that; we have got cash credit account with that bank.
1180. Do you think that the Imperial Bank should give you interest on the current account?—I think it should pay.
1181. I pass on to your reply to Question (1). You there refer to Mr. Calvert's notes and his estimate of the debt running to about 2 crores. I wonder if you have got a copy of those notes?—I have got that note.

1182. In making that calculation based upon income-tax figures Mr. Calvert has assumed that the whole income of the money-lending class is from loans advanced to cultivators. Is that true?—I have got nothing to contradict it.

1183. You have got the note itself?—I have got the note, but I have got no other statistics to contradict it.

1184. Is Mr. Calvert's assumption a correct one?—I think this is the best.

1185. Is it a correct assumption to make?—I have got no statistics to contradict it.

1186. By itself it is obviously an incorrect assumption that the entire income-tax is paid from the income of loans advanced to agriculturists?—May be, but I have got nothing to rebut it.

1187. Who advances more loans to agriculturists, the village and the rural areas money-lenders or the city bankers?—I think both.

1188. What must be the approximate percentage?—I cannot say.

1189. You cannot say more or less?—I have not got that information.

1190. It is rather surprising?—I cannot get at the records of the money-lenders.

1191. Where there are no co-operative societies, do the agriculturists borrow from the local people or village money-lenders?—We have got four big cities here, Beawar, Kekri, Nasirabad and Ajmer. They may be borrowing from the village money-lenders in the village.

1192. Are you unable to tell me this much, whether they borrow more from the village money-lender or from the town bankers?—From the village money-lenders.

1193. Do you know that 15 times more income-tax is paid by the urban areas than by the rural areas?—I don't know.

1194. There is another assumption in this note that the entire income of the money-lenders' class comes from Ajmer-Merwara. Is that a correct assumption to make?—I think they get also something from outside.

1195. In this note the census figures are given up to 1911. Are you aware that the number of people depending on banking and money-lending declined from 7491 in 1911 to 5949 in 1921?—I have not studied this.

1196. Do you know that these figures show that out of these 419 were partially agriculturists? I have taken these figures from the 1921 census?—I have not read the census report.

1197. You have not compared them with the tables given in the census report of 1921?—I did not.

1198. You assume that the profits on their capital are at the rate of 12½ per cent.?—I think so.

1198(a). It is fair to assume that 12½ per cent. is the average earning of an indigenous banker in a city?—In the city I think it may be lower.

1199. I suppose you have read the reports of co-operative societies for 1917-18?—Yes, but I do not remember exactly. I remember all the reports I have written after 1927.

1200. In para. 43 of the 1918 Report you will notice that the *mahajans'* debt of Rs. 61,664 was compounded for only Rs. 42,546. In other words, the *mahajans* realised only 68.9 per cent. of the total debt due to them. As much as 31.1 per cent. were written off. If the debt

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was of 3 years' standing at 24 per cent. simple interest, the *mahajan* thus got Rs. 118 for 100 at the end of 3 years which means only 6 per cent. If the debt was of two years' standing, he got only Rs. 109 for Rs. 100 which means less than 1·9 per cent. interest in two years. If the debt was of 3 years' standing at 2 per cent. he got Rs. 93 for 100 at the end of 3 years, if the debt was of 2 years' standing it works out at 85 for every 100 given at the end of 2 years. If it is compound interest it becomes still worse. For every Rs. 100 at 24 per cent. at the end of 3 years he should have got Rs. 190·6. If only 68·9 per cent. was received this works out to Rs. 131·3 for 100 given, i.e., 10 per cent. simple interest received. If Rs. 100 be calculated at 12 per cent. compound interest, it will be Rs. 140·4 at the end of 3 years. If you assume that 68·9 per cent. was received it comes to 97 per cent. It means he actually lost on the transaction!—What is the longest period you have taken.

1201. I have taken 3 years!—I think it is more than that in Ajmer. No loan is repaid in 3 years by the peasantry.

1202. Owing to the limitation period the man must file a suit after 3 years!—No. They renew it. They give a new stamped paper and interest is added and a new document is given.

1203. They become new debts!—Yes. The interest is added. But if you take about 10 years what will be the rate of interest.

1204. I must take every transaction as if it were for 3 years! If you go beyond 3 years, the profit will not be more!—I think you may be right.

1205. Are there persons whose debts were compounded in this fashion defaulters also in the co-operative societies!—I think in the co-operative societies they have a number of defaulters.

1206. I find in the 1917 Report, para. 22, the following: "There was 'an all round reduction of 20 per cent. in settlement of cases of mortgages in possession. In freeing the mortgages without possession there were comparatively less difficulties and the reduction in claims amounted to Rs. 25 per cent. on an average. In compounding the old debts the *mahajans* have given no less trouble. These debts consisted of *khata* debts, bond debts, decretal debts, *ghugri* debts and in all such cases the accounts from the very beginning were overhauled and examined before the settlement was arrived at" !—This Report is not correct. I think the officer sent a subordinate of his and this subordinate did not make proper enquiries and gave a false account. I understand he was dismissed. Therefore I doubt these statements.

1207. It goes on: "The reduction in claims depended on the nature of debts according as they were old or new and on the rates of interest; thus it was that Rs. 1,57,018 were paid on account of old debts and with it debts were repaid to the extent of Rs. 2,80,000 which gives on an average a reduction of 7 annas in the rupee"!—I have got the same story to tell you.

1208. You mean to say that the officer did not see!—The officer came to know of it only afterwards.

1209. But surely the officer must have scrutinised some percentage of the accounts!—May be.

1210. You are quoting Lala Bal Kishen when you say "Probably about 95 per cent. of the Merwara agriculturists and 80 per cent. to 85 per cent. of Ajmer are heavily involved in debts". I find that very same sentence in Mr. Wilberforce's Report of 1913. Am I to understand that the circumstances had not altered since that Report!—Yes. Indebtedness has decreased.

1211. One of these statements, Lala Bal Kishen and Wilberforce's, is incorrect then?—Yes. I am quoting it because I found it in the Report for the year in which it was written. My quotation applies to that year.

1212. Again you say "The majority of these borrowers are those who own less than an economic holding" which means that the capital saving of these people is very small. Is not that one great reason why the rate of interest is higher, that is to say because saving is nil, there is no capital in the rural areas?—It may be one of the causes.

1213. So long as the holdings remain uneconomic there appears to be no chance to collect capital for rural areas. Mere co-operative credit can do nothing. If a man can never earn income sufficient for his necessary expenditure how can you improve his position by co-operation?—There is a standard of expenditure. Drinking and wearing of ornaments are part of his expenditure.

1214. I am taking only the expenditure on the necessities of life?—Yes. The present condition of the people requires a change. They can do nothing with these holdings.

1215. You suggest that the co-operative societies have placed themselves under certain control. You have imposed several kinds of control on the co-operative societies, you have laid down a limit to borrowing for wasteful objects, you decide the maximum credit limit of each member. Such charges are not to be imposed on any system other than the co-operative credit. Your maximum credit limit is more up-to-date than that of the joint stock banks, because joint stock banks cannot keep a large staff to watch the maximum credit limit?—Yes, I agree.

1216. You advocate legislation to curtail expenditure on deaths and marriages? Have you thought out any specific suggestions?—Yes. Such legislation can be effected after consulting some social institutions.

1217. You suggest two things: one is legislation and the other administrative control. You know that some of the lower subordinates in the administration have not a very high reputation for fair dealing. Would you in such a case increase the control of the administration over a man's marriage? I think some power may be given to the *panchayats*.

1218. Don't you find that the *panchayats* as at present constituted do not inspire confidence among all sections?—The difficulties can be removed.

1219. You think legislation can take precedence over a well-organised system of *panchayats*. Will you not be on a dangerous ground if you give *panchayats* power when they are not well established?—They should be well established before they are given power.

1220. You mention the professional money-lenders and indigenous bankers. Do you make any distinction between the two classes?—Yes. There are two kinds: big money-lenders and small money-lenders.

1221. Can you eliminate the small money-lenders from the village economy in any measurable time?—There is no need of removing them. They may be controlled by means of some Act on the lines of the Punjab Regulation of Accounts Bill.

1222. Do you mean the old Money-lenders' Bill or the new Bill?—I have seen both. There are defects in the new Bill. But they can be removed after discussion in the council.

1223. Is this money-lender ordinarily a big man or a small man?—A small man.

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1224. Does he keep a large establishment?—I think he does not keep a large establishment.

1225. Does he not deal in other things?—Yes, but it does not take much of his time. He has a local shop.

1226. Are not the earnings of the local shop more profitable?—I think interest from loans is more profitable.

1227. Do you think he is sufficiently educated to keep accounts?—Yes. I think his system of account keeping may be simplified as in co-operative societies, where we have a single entry system.

1228. Even in the case of co-operative societies you have to keep a secretary to maintain proper accounts. If you are going to apply the system as in the co-operative societies to every moneylender, how can you expect him to do his money-lending business economically? Generally he keeps a scrap note book?—Yes. I think this is the only way in which they keep their accounts. Those people who cannot keep good accounts should be eliminated. They can have better earnings from other business.

1229. Is it so much the lending of money which attracts them? Do not good many people do money-lending because they have some trade which can flourish only if they do a bit of money-lending?—I do not think so.

1230. In villages there is mostly barter?—I think it is changing. There is a revolution in the system of barter.

1231. The revolution has not affected thousands of villages in India?—I think the system of barter is changing. I think we can do away with those money-lenders who do not keep accounts properly. We are doing it in the co-operative societies.

1232. Your co-operative society touches only 1/10th of the population?—I think those people who could afford to keep accounts should do the money-lending.

1233. In other words you do not want the small man to do this business on a small scale?—The small people should not do the business.

1234. The system of joint stock bank does not spread to the village because the village is too small?—Prof. Sahib, we had formerly no joint-stock banks, but when the necessity arose the banks came in. We shall have better type of money-lending when the necessity arises.

1235. But is there scope for moneylending on a large scale?—I have told you already that the co-operative societies are meeting the demands of the people. The bigger money-lenders are doing the same.

1236. Is your attitude in this matter influenced by the fact that there are co-operative credit societies?—No, joint stock banks do business, and other bankers are also doing. There are agents doing business with small people. The demand is effective and there is no exclusion of others. There is an agent in Kekri, for instance, of a joint stock bank.

1237. What is the population of Kekri?—I do not know.

1238. You will rather have the moneylender serve a large area?—Yes.

1239. Would you give him any privileges for the responsibility imposed upon him?—He can demand them if he likes.

1240. What would you suggest?—How can I suggest? He can ask for them.

1241. When you propose a measure you must see to the consequences!—I want to do away with the evil. The remedy will be suggested by the people who do the business.

1242. You have said "on each crop *kistbandi* is prepared after personal enquiry" etc. Who makes the *kistbandi*?—They have got a secretary. He makes it.

1243. When do they make the *kistbandi*?—One at the time of advancing loan and the second after seeing the crop. The instalment of *kistbandi* has to be modified, because the society and the central bank which have lent money did not know exactly the position at the time of advancing loans.

1244. You cannot intelligently fix the programme for the *kistbandi* for a number of years without modifying it every now and then?—No.

1245. You have described the dilatory procedure of the civil courts. Do you think that the dilatoriness is one of the causes of the high rate of interest?—May be.

1246. Do you think that, if this procedure is simplified, the money-lender may reduce his rate of interest?—I cannot say.

1247. You have talked of amending section 19 of the Co-operative Societies Act. How will you amend it?—At present we advance loans for the purchase of bullocks and other things. We want priority also for debts other than those for productive purposes, e.g., for necessities.

1248. How do you justify that priority?—Because that is for the man's necessities. They are not for any extravagant purpose.

1249. You say "Those who are either selling their lands or mortgaging the same are heavily debt-ridden, with scanty means to finance the industry with emaciated cattle and having no prospective means to repay their indebtedness." Do you think it wise to have restrictions on alienation of land in the case of people who cannot make a living on the land? Is it to the interests of such people or to those of the country at large to tie them down to the land by preventing alienation of land?—In their case there should be no restriction on alienation. In these cases a distinction should be made, and those people who cannot remain on the land should be allowed to sell.

1250. Would you have more democratic organisation for making this distinction than the Collector or the District Magistrate?—I have got no objection.

1251. You talk of the *janch* committees. Are they popular?—My personal opinion is that if the lender does not like to go to the committee, the committee will not be of any use.

1252. Is it because that the committee is prejudiced?—I cannot say. Where the lender thinks that by going to a court he can get the payment he does not agree to go to the *janch* committee.

1253. *Seth Vithaldas Rath*: What interest do you charge to mill hands?—15 per cent.

1254. Why do you charge such a high rate of interest?—The idea is that it may not increase their temptation to borrow more loans.

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1255. In case of non-realisation of your money, what steps do you take ?—We refer the matter to arbitration and then recover the debt through the civil courts.

1256. How long does it take you to advance loan to an agriculturist ?—Members grant the loans and no time is wasted.

1257. But there must be some sort of application and then it must take some time to obtain the loan ?—It is only in the case of new members that a month is required to get the loan. In the case of old members, they are directed to go to the treasurer and get the required amount.

1258. If a man requires the money now, and he has to wait for one month to get the loan, naturally he would suffer a great loss during the interval ?—One month is generally given to a new member in order to test his stability.

1259. What is the usual rate of interest charged by the money-lender ?—In urban areas it is from 15 per cent. to 24 per cent.

1260. Do these money-lenders pay income-tax ?—I don't know.

1261. In answer to Question No. 2 you say that "payments in some cases are made through compromises made in kind known as *bharna* by giving manure, cattle fodder, etc." What do you mean by *bharna* ?—Sometimes the price of the cattle is fixed at a higher rate than what it is really worth.

1262. In reply to Question No. 12 you say that the rates charged by the local money-lenders are exorbitant. Are their investments safe or unsafe when they charge such a high rate of interest ?—Some are safe, while others unsafe.

1263. In answer to Question No. 15 you say that the rate of interest charged by the money-lender is abnormally high and is reckoned at compound interest. Accounts are complicated, doubtful and unsatisfactory. "They are cooked and doctored". It is a serious attack on the *mahajans*. Can you prove it ?—I will withdraw it, if you think it is an attack.

1264. Have you any concrete example to quote ?—In civil courts these things are happening. Many suits are dismissed for want of clear accounts. I cannot quote any instances, and if you think it an attack, I withdraw my words.

1265. Again in the same question you say that "over and above the rate of interest he gets some services gratis or free of charge". What services do they take ?—My remarks referred to the agriculturist money-lenders.

1266. Can you give instances ?—During my inspections I came to know of these things. I have not seen any instances myself.

1267. Again under item (10) of the same question you say that "he (money-lender) supplies bad seeds, weak animals and bad manure". Do they supply weak animals intentionally ?—That is not the case. They do get good animals, but for want of proper care they become weak. They don't do it intentionally.

1268. In your reply to Question No. 19 you talk of the co-operative sale societies. Can these societies sell at a better rate ?—Yes. They don't charge any profit, but only deduct their cost of establishment.

1269. In Answer to Question No. 21 you say: "At present there seem to be no credit facilities for the financing of produce during marketing". The present system is that the local money-lender who is also a trader makes an insignificant advance binding the agriculturist to sell his produce to him. Then so far the credit societies have not been successful

in eliminating the money-lender in the matter of marketing produce?—The society has been successful so far as its members are concerned. Non-members are still in the clutches of these money-lenders.

1270. In answer to Question No. 47 you say: "If the registration work is conducted on the spot it will relieve the agriculturists of the inconvenience and expenditure and distraction from agriculture." Do you make this suggestion for all agriculturists?—I have made this suggestion only in respect of our own members.

1271. In answer to Question No. 61 you say that the village money-lenders are short of funds and then you say that there is no necessity for them to keep fluid resources. Do you think they are getting good deposits?—I don't think so. I have said that in rural areas no cases of money-lenders receiving deposits systematically and regularly have come to notice. It is not their regular business.

1272. In answer to Question No. 65 you say that "after making allowances for the return of capital employed either by borrowing from outside or owned and for legal expenses, management charges, incidental charges and risk involved the indigenous bankers receive a net return of 1/3rd of the rate of interest they charge"?—This is my opinion.

1273. Then say on 18 per cent. he would get a net return of 6 per cent. ? —Yes.

1274. Then he is better than your bank?—No. In bank the members get dividend, etc. Besides this, losses of creditors are not always gains of debtors.

1275. In answer to Question No. 82 you say that "*mahajans* utilise their receipts of monies in their own trade and lending business and still if spare, deposit in banks". Do the *mahajans* deposit money in your bank?—Yes.

1276. How much money of the *mahajans* is lying as a deposit in your bank?—I cannot give you an estimate.

1277. *Chairman*: In the *istimrari* areas here are the tenants all tenants-at-will? In Oudh they have made life tenancies now. Does any such thing exist here?—No.

1278. *Prof. Chablan*: The rates of interest on loans in the *istimrari* areas are very high? I have no knowledge of that.

1279. *Kanwar Motilal*: In answer to Question No. 61 you say that "there is a prejudice prevalent in this locality against the indigenous banker". Why is it so?—I have got no personal enmity with the indigenous bankers, but that is the prevalent idea. I mean the small village money-lender and not the town *shroff*.

1280. *L. Bai Kishan*: Have you got any societies in the *istimrari* areas?—Yes.

1281. Are they running very well?—Better than the societies in the *khalsa* area.

1282. Even though they have got no tangible security to offer, the dealings are better?—Yes.

1283. Is there a statement in the audit note of your primary societies to show either deterioration or improvement of the economic conditions of members?—I think there is.

1284. From that do you see what the economic condition of an average society is? Is it deteriorating or improving?—It is improving.

(The witness withdrew.)

Sardar Kartar Singh.

Kanwar CHAND [KARAN SARDA, B.A., LL. B., Vakil, High Court, Ajmer, and Secretary, Rajputana Provincial Hindu Sabha, Ajmer.

Replies to the Questionnaire.

A.—AGRICULTURAL INDEBTEDNESS.

1285. 1.—The estimate of indebtedness can be obtained with reasonable accuracy from the following sources:—

- (1) The office of the Sub-Registrar, Ajmer and Beawar.
- (2) The Tehsildars, Ajmer, Beawar and Todgarh with the assistance of *patwaris*.
- (3) Registrar, Co-operative Credit Societies, Ajmer-Merwara.

1286. The majority of borrowers consists of those persons who own less than economic holdings. In my district most persons borrow for marriage and death feasts and similar wasteful and unproductive purposes and hence a law should be enacted by which agriculturists having less than economic holdings should be prohibited from giving large feasts on deaths and marriage occasions.

1287. We can encourage borrowing for productive purposes by differing loans at a cheap rate of interest such as 6 annas per cent. per month. The debt is largely due to co-operative societies and indigenous bankers and in some instances to Pathans who are professional money-lenders.

1288. 2.—Generally, the rates of interest vary from 12 annas per cent. per month to Rs. 2-8-0 per cent. per month. If grain is borrowed, the interest is calculated by *badi*, i.e., for six months they charge 10 seers of grain for one maund of grain supplied to the agriculturist.

1289. The only method for enforcing payment of debt is by taking legal proceedings against the borrowers.

1290. The Pathans, called Kabulis, give small sums of money to poor labourers or destitute agriculturists at a very high rate of interest, i.e., at the rate of 2 to 4 annas per rupee per month and enforce repayment of debt by beating them or sitting outside the borrower's house and not allowing them to do any work till the debt is repaid. The poor labourers owing to poverty or ignorance do not take criminal proceedings against them and pay usurious interest out of fear.

1291. 3.—The court fees are very high and they should be reduced to 5 per cent.

1292. 4.—Owing to the Land Alienation Act, small agriculturists are not now replaced by bigger *zamindars* in our District.

1293. 5. No. Not in our district.

1294. 6.—The rent in the *istimrari* area of Ajmer-Merwara is very high. All are tenants at will and hence the actual cultivator has no incentive to produce more. If the farmers are by legislation allowed to have permanent interest in the land which they have cultivated for 12 years and cannot be ejected at the sweet will of the *thakur* or *zamindar*, they will be able to effect permanent improvement and will be able to produce more; *banta* system should be abolished and the system of fixed rate of rent should be introduced.

1295. 7.—No, it is not customary in our district. The *istimrardars* take *begar* (forced labour) in some cases but not in lieu of interest.

1296. 8.—There are no village arbitration boards or village *panchayats* in our Province. They should be introduced in our Province and surely they will be of great help in settlement of disputes between the money-lender and the agriculturist and save the parties from a lot of worry and inconvenience and waste of money which is being incurred in litigation.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

1297. 12.—The present system by which the agriculturist obtains finance in cases mentioned in (a), (b), and (c) are:—

Small cultivators take loan from village money-lenders or from co-operative credit society while big *zamindars* and *thakurs* of villages take loan from local *seths* in the city or from the Imperial Bank or Central Co-operative Bank.

1298. 17.—Ajmer, Beawar and Kekri are the chief marketing centres for all kinds of crops in our Province Ajmer-Merwara.

1299. 19.—The agriculturists in our district do not store the produce. As soon as the crops are ready, they take them in carts to the market to sell them or sell them in their own village in lieu of their debt to the money-lender.

1300. 25.—Yes, there is a demand for long term credit in our Province for permanent improvement and purchase of cattle, etc. Recently a bogus bank called the Popular Bank was floated by one Mr. Kulkarni. The rate of interest was Re. 1 per cent. per annum, and thousands of agriculturists invested their money in it and borrowed money from it because the money was to be repaid in 8 years. But the bank authorities turned out to be cheats. They however proved that there was demand for long term credit.

1301. 26. The Land Improvement Loans Act is not in force in our Province.

1302. 28.—Value of land in the event of sale by court decree is the highest because it is open to public competition.

1303. 29.—Owing to the Land Alienation Act the agriculturist's capacity to borrow capital has been adversely affected. The agriculturist cannot get the money on favourable terms and for long periods as he otherwise would have got. The Land Alienation Act should be abolished.

1304. 31.—There are only co-operative credit societies in our Province which get the lands mortgaged. But there are no separate land mortgage banks.

1305. 34.—If the produce of the mortgaged land yields 6 annas per cent. per month on the invested capital, it is a fair price.

1306. 35.—Yes, hand-spinning and dairy-farming industries are suffering from lack of adequate capital. The Charkha Sangha founded by Mahatma Gandhi has succeeded to a great extent in encouraging hand-spinning and the same methods should be adopted by Government. Similarly dairy farms can be profitably run on the lines of Aligarh Dairy Farm because there is a large demand for pure milk and butter.

1307. 41.—The co-operative credit societies in our area are merely money-lending institutions.

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1308. 42.—There is an official tinge in the working of the co-operative credit societies. People are afraid of co-operative credit society inspectors who should be made to mix more freely with the cultivators and give them an idea of equality with them and thus be popular with them by sharing their cares, sorrows, anxieties and pleasures.

1309. 48.—The Railway workshop labourers pay a very high rate of interest. Most of them pay interest at the rate of 3 pice or one anna per rupee per month. Arrangement should be made to get loans for them at a cheaper rate viz., 6 annas per cent. per month.

1310. 51.—The co-operative movement should work amongst the labourers of railway workshops at Ajmer and Mills at Beawar and advance money to them at a cheap rate of interest and should also advance money to petty shopkeepers at the rate of 6 annas per cent. per month.

1311. 53.—The grower does not get the full value of his produce. The speculative buying and selling tendencies of firms should be stopped at Bombay, Calcutta and Karachi.

1312. 55.—The community which practices banking and money-lending is the *mahajan* community.

1313. 60.—By *khatas*.

1314. 63.—The rate is 2 per cent. Government should advance money at cheaper rate.

1315. 65.—The net return is only 5 annas per cent. The business of the money-lenders is generally declining.

1316. 66.—The money-lenders have their own fixed clients called *asamis* and their own fixed capital and generally don't go beyond it.

1317. 68.—*Hundis* are locally discounted as well as sent to Bombay, Calcutta and other trading centres for encashment.

1318. 69.—No.

1319. 70.—Yes, the Imperial Bank *hundi* rate affects the Bazar rates.

1320. 79.—The agriculturists in our villages are extremely poor and have no surplus income over their necessary expenditure. Persons in affluent circumstances are scarcely 5 per cent.

1321. 81.—The tendency towards hoarding is decreasing. The people are poverty-stricken and now no valuables or ornaments are kept buried in villages except in the rare cases of a few *mahajans*.

1322. 83.—In prosperous years they get ornaments of gold and silver prepared for their wives.

1323. 84.—Only educated classes use cheques. The traders do not use them because a good deal of time is wasted in the Imperial Bank or other banks in getting their cheques cashed. Yes vernacular scripts should be used in banking and Imperial Bank authorities should make arrangements for early disposal and not keep public waiting for hours together.

* 1324. 86.—Yes. The rate of interest should be increased. The educated classes resort to such form of investment.

1325. 88.—Persons unwilling to earn interest on deposits should be induced to invest it in industrial development of the country.

Oral Evidence.

1326. *Chairman*: Have you got any landed property?—Yes. We have got family business also here.

1327. What kind of business?—Lace merchants.

1327(a). Have you no mills or industry of any kind?—No.

1328. *Prof. Chabanti*: You say "the majority of borrowers consists of those persons who own less than an economic holding". Does it mean that because of the uneconomic holding they have to borrow?—I think so.

1329. In the next sentence you say "In my district most persons borrow for marriage and death feasts". Apart from this expenditure, the income from the holding is not sufficient even for necessary expenditure. Is that what you mean?—I mean that they earn only as much as can keep their body and soul together.

1330. Those persons who own less than an economic holding must be borrowing even for necessary purposes?—Yes.

1331. If most of the people are in that condition you cannot attribute most of their debts to extravagance. Could you?—It is their custom to spend on marriages, etc.

1332. Is the major cause extravagance or uneconomic holdings?—Uneconomic holdings.

1333. You say "Generally the rates of interest vary from 12 annas per cent. per month to Rs. 2-8-0 per cent. per month. If grain is borrowed the interest is calculated by *badi*, i.e., in six months they charge 10 seers of grain for one maund of grain supplied to the agriculturist". At what time is this loan in kind given, in which month?—They take loans in kind rarely.

1334. In which month? He could not be borrowing at the time of the harvest?—No. A man may borrow only in famine time; he may borrow grain or for seed.

1335. For seed. What month is that?—I cannot exactly tell you the month. It must be for the wheat crop.

1336. And repay at what time?—At the harvest.

1337. About February or March?—Yes.

1338. Is the price of wheat in October always higher than in February?—At harvest time it must be cheaper.

1339. Have you ever bought wheat in October and March?—In Ajmer I have bought but not in rural areas. There is only a difference of half a seer between October and March.

1340. Which is the staple crop here? Is wheat the main staple?—Wheat, barley, *makka* and *jowar* are the main staple crops here. We bring wheat from the Punjab. We have got two crops. In *khariif* we have *bajra* and *makki*, and in *rabi* wheat.

1341. Most of the land cannot be wheat land, because it is not irrigated land?—No. The bulk of the crops consists of barley.

1342. What is the difference in rates between October and March?—There is not much difference. It is only in rare cases that there is a difference.

1343. I am trying to understand this case. When in calculating you must allow for the difference in the price of grain at the time of lending and at the time of borrowing. You say that generally the rates of

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interest vary from 12 annas per cent. per month to Rs. 2-8-0 per cent. per month. Have you yourself conducted a case in which Rs. 2-8-0 per cent. per month was charged?—Yes.

1344. What did the court award?—Formerly the court used to lessen the rates but now recently a circular has been issued by the Judicial Commissioner by which if the rate has been agreed upon, then that rate should be given.

1345. If 30 per cent. was agreed upon then the courts should have actually awarded 30 per cent.?—But they are compulsorily paid by instalments. The decrees are not paid all at once. They fix instalments.

1346. From the time the loan is actually given to the time that the decree is executed in complete satisfaction of the claim, what is the return on the money?—The actual return cannot be more than 12 annas per cent.

1347. After the court gives decree does the court give interest from the date of the decree?—Yes, at 6 per cent. only but the money is not realised at once.

1348. How much of the money is actually realised? The fact is that they are most willing to compromise at $\frac{1}{3}$ ths of the decree.

1349. Can you give us some cases in which the money lender has compromised for $\frac{1}{3}$ ths?—Just now I cannot give. I do not remember now but I can give.

1350. You might give us particulars as to the date of a decree, the date of recovery, etc.? You also refer to the Pathans. Have the courts awarded to Pathans 2 annas to 4 annas per rupee per mensem?—They very rarely come to the court. They use their own means.

1351. Do you know personally any cases? Would you give us such cases?—Oh yes. They are ready to give us particulars.

1352. Would you give us the names of these persons?—Yes. I can send them. At present I do not remember their names. They are mostly workshop coolies.

1353. Are there any workshop coolies in co-operative societies?—I do not know.

1354. The rent in *istimrari* is very high?—Yes.

1355. What is the proportion of the rent? Sometimes it is half, sometimes one-third. It all depends on the produce.

1356. What do you think is the net yield?—One-third. Compared to *kholra* revenue it is not high. In *kholra* the landlord has to pay land revenue.

1357. Taking the tenant on the *kholra* land, how much does he pay?—One-fourth. In Ajmer it is sometimes one-third, even one-half. It all depends on the sweet will of the landlord.

1358. Have you worked out how much per acre it comes to?—I have never worked this out.

1359. Do the *istimrari* tenants borrow from the *istimrardari*?—The *istimrardari* themselves are in debt.

1360. You say in reply to question 29 "Owing to the Land Alienation Act agriculturist's capacity to borrow capital has been adversely affected." Can you give us any proof in support of the statement?—Formerly when the Land Alienation Act was not passed the agriculturist could get loans on the security of the land at 12 annas per cent.

1361. And now?—Now the *bania* won't advance at one rupee or 1-4-0.

1362. Can you give us figures for interest rates charged to agriculturists before the Land Alienation Act?—The old *khatas* can give.

1363. Can you give us the rates from the *khatas*?—Yes.

1364. You say in reply to question 34 "If the produce of the mortgaged land yields 6 annas per cent. per month on the invested capital it is a fair price". Is the money-lender prepared to accept this fair price if the land is mortgaged with him rather than lending at $\frac{1}{2}$ without security? Is the money-lender willing to take it at 6 annas per cent.?—I think some of the city *seths* will be willing to take this much.

1365. Why do you say it is a fair price, when only the city people will accept 6 annas per cent.?—The village money-lender will not take less than 8 annas per cent.

1366. Does he prefer mortgage debt or open debt?—Wealthy money-lender will always like to have good security and would advance money at a less rate of interest; the money-lender who has a very small capital would like to get more interest even on bad security.

1367. The actual realisation must be ample to give him more profit?—You see this shows their lack of capacity to properly appreciate matters.

1368. In reply to question 43 you say "there is an official tinge in the working of the co-operative credit societies. People are afraid" etc. Have you any personal experience?—Of course I do not speak from personal experience. Formerly people complained about the societies. There was one gentleman who used to beat the debtors with shoes and ask why they did not pay such and such instalments. The village money-lender would not do this. I am talking of 8 or 9 years ago. The village money-lender sits with the debtors and asks about their welfare and so on. But the co-operative societies' officials always come as officials in the villages and wield a great deal of influence over them.

1369. In reply to question 48 you say "The railway workshop labourers pay a very high rate of interest. Most of them pay interest at the rate of 2 pice or one anna per rupee per month". Have you any specific instances of this?—Yes, many. Every day cases like these occur.

1370. You say "Interest is 2 per cent. The net return is only 8 annas per cent." You mean 2 per cent. per mensem. Do you mean the nominal rate of interest as contrasted with the net return?—Nominal. Suppose a money-lender gives money at 2 per cent. he actually gets 8 annas per cent.

1371. What proof can you give in support of the statement that the business of the money-lender is generally declining?—Census reports.

1372. In answer to question 79 you say "The agriculturists in our villages are extremely poor and have no surplus income over their necessary expenditure". Is this in *istimrari* or *khalsa* area?—Both in *khalsa* and *istimrari* areas, but in *istimrari* areas people are poor.

1373. Generally, do the villagers as a matter of fact prefer to go to a co-operative credit society rather than to Government for *takavi* or to the village money-lender?—They will try the village money-lender first. Then they go to the co-operative society. Last of all to Government for *takavi*, because there is a lot of difficulty in getting the *takavi*. The system of realising is most unsympathetic. They arrest the debtor, bring him into court and ask him why he has not paid. They send a special messenger to him. For that special messenger the

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debtor has to pay 8 annas per day. They bring the man before the tehsildar. This man remains with him for about 20 days until the money is paid.

1374. At the time of application is it smooth working?—Of course it is difficult to get money. I cannot give proofs.

1375. Have they to pay even then?—I do not know personally. That is what I have heard.

1376. On the whole, apart from the question of treatment sympathetic or unsympathetic, considering the rate charged by the *mahajan* and considering his methods of recovery, the rate charged by the *mahajan* is not higher than the rate charged by the Government or the co-operative societies?—Obviously, of course.

1377. Have you ever questioned the average villager whether he considers the *mahajan's* rates exorbitant considering all matters or whether he considers that he should borrow from the co-operative credit societies or the Government?—The average villager wishes to borrow from the village money-lender. There are many persons who are members of the co-operative banks and who borrow from both. To pay off co-operative banks they go to the money-lender and borrow at even a higher rate of interest. I can give many such cases.

1378. *L. Bal Kishan*: You know, Mr. Sarada, that in the Provinces of Bombay and Madras non-officials are taking great interest in co-operative societies and as a result the movement is spreading?—Yes.

1379. Do you think that the same sort of people are taking more and more interest in the co-operative movement in this province?—I do not think. I do not know of any.

1380. You are a great social worker. Do you not take any interest in the co-operative movement?—I take great interest but I have not actually been in co-operative societies.

1381. You say this is all official-ridden; is it because the non-officials are not coming forward to take the responsibility?—The point is whether more non-officials were ever asked to join the movement.

1382. *Chairman*: You mean you don't think that encouragement is being given to non-officials to join the movement?—In Ajmer the non-officials are not coming into greater touch with the co-operative movement. They regard it as a sort of Government body.

1382. *L. Bal Kishan*: Is it run on the same lines as in other provinces?—Yes.

1384. If non-officials in other provinces have come in greater number they can come in Ajmer also if the people have a desire for it?—Yes.

1385. You complain that the co-operative staff does not mix with the co-operative members. Was any such complaint made to the authorities who were in charge of the movement?—The masses are uneducated. Even the members of the societies do not know their own rights.

1386. The educated people have formed this opinion. Have they brought this to the notice of the co-operative officials?—I do not know.

1387. You suggest in answer to question No. 1 that the people who own less than an economic holding should be prohibited from giving large feasts on deaths and marriages. You will wait in the case of others till their position comes to the stage when they cannot make both ends meet?—Quite so.

1388. You say that the Pathans enforce repayment of debt by beating the creditors and they never go to courts. Why do people subject themselves to this treatment?—Because they cannot get credit elsewhere.

1389. Credit mostly depends on security?—Yes.

1390. Then it follows that they have got no security and therefore they have to submit themselves to this treatment?—Yes.

1391. In answer to question No. 4 you say 'Owing to the Land Alienation Act, small agriculturists are not now replaced by bigger *zamindars* in our district'?—As a general rule financial difficulties are responsible for replacements of small agriculturists by bigger *zamindars*. But in the areas with which I am familiar, there are no big *zamindars*. The money lenders are not the bigger *zamindars*.

1392. *Chairman*: By *zamindars* do you mean *zamindār* money-lenders? Yes. If the Land Alienation Act was not passed the cultivators would have been replaced by these money-lenders.

1393. *L. Bal Kishen*: You say that the disputes between the money-lenders and the agriculturists should be decided by a *panchayat*?—Yes.

1394. Have you thought of any scheme—who will select the *panchayats*, or how will they work or whether any appeal will be from their order?—I have no scheme. My idea is that a lot of expenses has to be incurred, people have to go from the villages to the courts, pay court fees, etc.

1395. Do you suggest a remedy for it? I want to know how far it is practicable?—There is the Village Panchayat Act in Bombay and Baroda. This Act could be made applicable with suitable modifications to this district.

1396. You will make it obligatory on the *panchayats* to try all civil suits?—Not all civil suits. All the money suits should go to them. Appeal can lie to the civil courts.

1397. Appeals should lie from the orders of the *panchayats* to the civil courts?—Yes.

1398. You think that when the *panchayats* are formed it should be made obligatory on the parties in all money suits that the cases should go to them first and from their order an appeal should be made to the civil courts if necessary. You have no idea as to how the *panchayat* should be selected?—Yes. It should be selected from both sides. But it should not be selected permanently. It may be selected, say, for one year.

1399. In answer to question No. 26 you say: "The Land Improvement Loans Act is not in force in our Province." What do you mean?—There is a question whether *takari* loans are obtainable under the Land Improvement Loans Act or not. I did not know that the law existed here when I wrote my replies.

1400. You say "Value of land in the event of sale by court decree is the highest because it is open to public competition"?—That is my idea. If land is left to open competition it will of course fetch the highest price.

1401. Do you mean to say forced sales fetch the highest price? If a thing has to be sold and if the buyers do not come forward?—In that case there is a provision in the Civil Procedure Code under which if the seller thinks he will get a less price, then he can wait for 6 months.

1402. You cannot say that public auction will always fetch more?—No.

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1403. You know the working of the Aligarh Dairy Farm?—Yes.

1404. You mean that small dairy farms on co-operative lines should be formed?—Yes.

1405. In answer to question 41 you say "The co-operative credit societies in our area are merely money-lending institutions"?—In every village there are co-operative societies. These borrow from the central bank and pay back the money from the harvest of the agriculturists.

1406. You know that the co-operative societies have got shares. You know they have profits also. They have a reserve fund and the members of the societies can put their deposits in the societies also?—Yes.

1407. Have you ever seen a co-operative society working?—Not on the spot.

1408. You say "The co-operative movement should work amongst the labourers of railway workshops at Ajmer and mills at Beawar" etc. You mean that co-operative societies should be formed for them? Do you know anything of the working of those which are already started in mills?—No.

1409. *Kanwer Motilal*: On what do the rates of cotton and wheat in Karachi and Bombay depend? They depend both on demand and supply.

1410. If the American market rate is high, will it affect Indian market rate?—It all depends on the question of supply and demand. If cotton market rate is high in America, surely the rate in Indian market will also be high.

1411. How does speculation affect the agriculturists?—Agriculturist cannot get fair prices, he is not amply compensated for his labour.

1412. What remedy do you suggest? Mills should be opened here and they should be paid their full wages for their labour.

1413. *Seth Vithaldas Rath*: In Question 31 you say that "if the produce of the mortgaged land yields 6 annas per cent. per month on the invested capital, it is a fair price". Do the Postal Cash Certificates also yield good interest? We prefer Government loans. Moreover it all depends upon the personal will of the man.

1414. You say in reply to Question No. 51 that co-operative movement should work amongst the labourers of railway workshops and should advance money at 0.6-0 per cent. per mensem. Would the co-operative society agree to advance loan at $4\frac{1}{2}$ per cent. per annum?—We have just heard that about 8 lacs are lying unutilized with these societies. If this money be distributed amongst the poor as a loan, it would improve their condition.

1415. Why should they advance at $4\frac{1}{2}$ per cent. if they can get 0.8-0 per cent. per mensem?—They should take into consideration the poverty of the public.

(The witness withdrew.)

Thursday, the 12th December 1929.

AJMER.

PRESENT :

Khan Bahadur Diwan ABDUL HAMID, C.I.E., O.B.E., (Chairman).

Professor H L. CHABLANI, M.A. | **Raj Sahib KANWAR MOTI LAL**

Lala BAL KISHEN.

| **Seth VITHALDAS RATHI. (Co-opted Member).**

Mr. V. S. MARBALLI (Secretary).

Pandit NAURANG RAY Sharma, Secretary, Edward Mills Company Limited, Beawar.

Replies to the Questionnaire.

A.—AGRICULTURAL INDEBTEDNESS.

1416 **1.** The agriculturists get loans from:—

- (1) professional money lenders, (2) co-operative societies, and
- (3) Government through tehsils in the form of *takavi*.

1417. **2.** The rates of interest charged are as follows:—

- (1) *Professional money-lenders*.—Rs. 1 to Rs. 2 per cent. per month interest is added to principal about once in three years. The recovery of debts is not an easy task for this class which has to face a great many difficulties before the loan is recovered.
- (2) *Co-operative societies*.—Rs. 8 per cent. to Rs. 12 per cent. per annum at simple interest throughout; recovery of loan is much easier than is the case with the money-lender class.
- (3) *Government*.—Rs. 6½ per cent. per annum simple interest. The Government has every facility for recovering loans.

1418. **3.** The money lenders have a general complaint against the Land Alienation Regulation and the co-operative societies which give loans to their clients, as the co-operative societies are looked after by Government staff, they can recover their money more easily and earlier than the money-lenders unless some similar convenience is given to the money-lenders also.

1419. The limitation period of three years is not sufficient, it may be increased.

1420. The obtaining of decrees from the Civil Courts is very expensive and a troublesome task owing to the lengthy and wearisome process and still more so is the execution of the decrees.

1421. **7.** There are no money-lending *zamindars* in this Sub-Division.

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1422. 8. Persons called *Kabulis* advance money to the poor agriculturists at the rate of interest of one anna per rupee per month and forcibly recover money from them. They often beat them.

1423. 9. The Usurious Loans Act is not in force in this district.

1424. 10. We do not think there is any necessity for such legislation.

1425. 11. In the villages of this sub-division, there are no village arbitration boards or village *panchayats*.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

1426. 12. There is no distinction in the loans taken by agriculturists. Money-lenders give loans for all purposes whether the agriculturists are in need or not without any security or with the security of other persons' land, produce or ornaments. The rates of interest of the money-lenders apparently seem to be very high but if the amount recovered is taken into consideration we think, they do not get much.

1427. The co-operative societies give loans chiefly for redeeming lands and also for productive and other purposes. There is no difference in rates according to the purposes for which the loans are taken.

1428. There are no joint stock companies. A branch of the Imperial Bank is at Ajmer. It does not give loans to *zamindars*. Loans are given to agriculturists by money-lenders, the co-operative societies and the Government only.

1429. 13. *Takavi* is obtained chiefly during famines or in special cases at other times. The agriculturists of this sub-division are mostly indebted. They can only be saved if the Government give them loans on a very reduced rate of interest.

1430. 14. There is no co-ordination among the money-lenders and others. There is co-ordination to some extent among the Government and the co-operative societies.

1431. 15. The rate of interest is high. They can get their loans without any delay from money-lenders but much delay is caused in obtaining loans from Government and the co-operative societies.

C.—FINANCE FOR MARKETING.

1432. 17. Beawar is the only market for the various crops, in this sub-division.

1433. 18. The various products are brought to the above market and sold through commission agents who charge commission at 1 per cent. and demand some other petty charges including brokerage amounting to 6 annas 6 pies per cent.

1434. 19. The agriculturists of this sub-division are very poor; they do not store their produce; as soon as it is ready they take it to the market, after giving a portion, or whole as the case may be, to the money-lender. Nothing is stored for being used as security.

1435. 20. The Government may give a trial to the system of licensed ware-houses on the lines of the system in America or on the lines of the Egyptian Scheme.

1436. 21. At present there are no facilities for the financing of produce during marketing.

1437. 22. No instruments of any sort are used in this sub-division for getting advances by agriculturists.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

1438. 25. Nearly all classes want long period loans.
1439. 26. To a very limited extent.
1440. 27. The agriculturists get *takari* when there are famines only.
1441. 29. Land Alienation Regulation does not permit the agriculturists to obtain loans freely.
1442. 30. The present circumstances of the agriculturists will not allow them to take up debenture bonds that may be issued unless Government comes forward to help them.
1443. 31. There are very few mortgage banks but the aforesaid purpose is not served by them.
1444. 32. If the Government guarantees the loans debenture bonds can be purchased by the public.
- (a) A big bank specially for this purpose should be started under the supervision of Government.
 - (b) With a capital of not less than ten lacs consisting of shares of Rs. 5 to Rs. 20.
 - (c) If the Government guarantees the return there is every probability of the shares being disposed of. The first chance may be given to the agriculturist, next to the general public, if still any shares remain undisposed off they may be subscribed by the Government.
 - (d) The bank should advance loans to agriculturists for a period of six years. The margin should be 33 per cent. between the amount of the loan and the value of the land mortgaged.
 - (e) Such a bank can raise money by deposits and debentures and from central banks, if guaranteed by the Government. There will be no trouble.
 - (f) Government should guarantee both principal and interest.
 - (g) There is every probability of the bonds being taken up by the public, if the Government guarantees and there are no restrictions.
 - (h) Yes.
1445. 35. (a) Strict supervision.
- (b) The bank may not be allowed to give loans without security.
1446. 36. Every facility may be given by reduction of costs and simplification of procedure of the civil courts for recovery.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

1447. 38. None of the industries mentioned exists here.
1448. 39 and 40. Hand spinning and weaving only, if introduced, would be very economical and beneficial to the farmers.

F.—RURAL CO-OPERATION.

1449. 41. Co-operative societies only lend money.
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1450. 42. There is one Central Bank in this Sub-Division. It has relations with the Imperial Bank of India, Ajmer Branch, which advances money to it on Government securities. It has no relations with the indigenous bankers. There are no joint stock banks.

1451. 43. The agriculturists being uneducated do not understand the benefits and principles of co-operative societies. This is the chief defect. In reality they have got no interest but they are initiated by the Government staff. They are desirous of getting loans only.

1452. 44. Only members of co-operative societies get loans from these societies, other agriculturists get their loans from the money-lenders. The proportion of such members is about one sixth.

1453. 45. There is no need of extra capital

1454. 46. There is no competition between the co-operative bank and other banks.

1455. 47. The profits of the co-operative central banks are already exempted from income-tax. There is no provincial co-operative central bank in this sub-division. Government securities held by these banks should be given exemption from income-tax. If any debenture bonds are issued by these banks, interest thereon should not be liable to income tax.

G.—NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

1456. 49. The industries of Beawar are as follows

(1) Three spinning and weaving mills with ginning presses and one weaving factory.

(2) *Chhipar* work, dyeing and printing.

(3) Snuff manufacturing and *biri* making.

They are not financed by the existing organisations.

1457. 50. The labourers and artisans are given loans to a very small extent by the co-operative societies.

1458. 52. (i) Money lenders, from village to *mandi*.

(ii) Indigenous banks and joint stock banks from *mandi* to the exporting port.

They charge interest and commission on the same. Money is advanced up to 80 per cent on the goods.

1459. 53. I am not of the opinion that on account of speculation the agriculturists of this Sub-Division suffer, because as soon as the produce is ready, they sell it.

I.—INDIGENOUS BANKER AND MONEY-LENDER.

1460. 55. Mostly the *nachajan* community practice indigenous banking and money-lending in this District. There are very few in other communities.

1461. 56. (a) Indigenous bankers deal in cotton and grain, carry on trade and commission agency business and also speculate mostly.

(b) Money-lenders have shops of every description and get lands cultivated.

1462. 57. Money lenders finance agriculturists on personal security and mortgage, both in cash and in kind. Indigenous bankers finance trade and industry. Some bankers have invested for industrial purposes and do not keep deposits with the Co-operative Central Bank which is the only bank.

1463. 58. There is no organisation of indigeneous bankers. They work as individual bankers with their own capital, deposits and loans.

(a) Capital is not fixed.

(b) There is no limit fixed for their business.

(c) There is no limit of expenses also.

(d) The indigenous bankers have relations with the Imperial Bank of India and joint stock banks outside the sub-division. The indigenous bankers deposit their money with the banks when there is no demand for it and get loans from the banks when there is money-lenders' deposit money with the indigenous bankers and get loans from them.

(e) No facility is given by the Imperial Bank to indigenous bankers.

1464. 59. There are two sorts of *hundis*, *darshni* (sight) and *muddati* (for certain period); sometimes credit letters are also used. They are used for remittance purposes only. In the market currency notes and rupees only are used for payments. Promissory notes are not used; instead of them the *muddati hundi* is used.

1465. 60. Indigenous bankers grant loans on *muddati hundis* and cash credits, and *rasids* for fixed period from two months to one year. The rates of interest are between $4\frac{1}{2}$ per cent. to 6 per cent. In *muddati hundis* a period is mentioned but in *rasids* (receipts) and cash credits the period is not mentioned; it is verbally settled to avoid stamp duty.

1466. Further, in the case of *hundis* the banker is obliged to make payment on presentation at maturity, if payment is not made by him at that time he loses his credit; but such is not the case with cash credit and the *rasid*.

1467. 61. The indigenous bankers and big *shroffs* use their own capital and receive deposits from others as well as loans from private persons and bankers, if necessary.

1468. The village-money-lender gets loan from a town banker.

1469. 62. The rate of interest vary from 3 annas to 10 annas per cent. per month. The rates go upwards during the busy season and downwards in the slack season. The *sahukara* rate of interest is 7 annas 9 pies to 10 annas per cent. per month irrespective of any security.

1470. 63. The agriculturists have no dealings with the indigenous bankers. They get money from the money-lenders who charge interest from 12 per cent. to 24 per cent. per annum.

1471. 64. (a) There is no prejudice in this locality against indigenous bankers.

(b) If receipts for the moneys received are issued, their dealings may be considered to be on sound lines.

1472. 65. (a) Generally the net return is 4 per cent. to $4\frac{1}{2}$ per cent.; it mostly depends upon management.

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(b) Money-lenders generally do not fail. Some have however failed on account of speculation.

1473. 66. The whole demand cannot be satisfied by them but still they have sufficient to do their usual limited business.

1474. 67. (a) Internal remittances are made by *hundis*, letters of credit postal money orders and insured letters.

(b) The supply bills are used in Beawar only for remittances to other big towns and that also to a very limited extent.

1475. 68. In this sub-division for internal trade simply letters of credit are used. No money is remitted from one rural centre to another. From urban centre to rural centre money flows during the season when agricultural produce is brought there for sale.

1476. If the duty on bills is abolished, they are likely to be used extensively in Beawar.

1477. 69. (a) No.

(b) No.

(c) Nil.

1478. 70. (a) The rates of *hundis* purchased and sold vary now-a-days from 2 annas to 4 annas per cent. above and below par according to the seasons.

(b) Yes, *sahukars'* *hundi* business has suffered much more than half.

(c) Before this the *hundi* rates varied from 8 annas per cent. below par to 8 annas per cent. above par.

1479. 75. It can be done if recognised markets and warehouses are established.

1480. 76. If the Imperial Bank and Reserve Bank co-operates with the indigenous bankers.

J.—INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

1481. 79. The agriculturists generally have no surplus income, they are always in want.

1482. 81. The people think that ornaments can serve their purpose when they are in need. The money invested in business or elsewhere may be lost or cannot be used when the necessity arises. If they have gold and silver in hand, it can be used readily without going to others. For the same reason money is hoarded which practice is now decreasing.

1483. 82. There are mostly Rawats and Merats in this Sub-Division, next to them are *Malis*, Mussalmans, and Mahajans. Rawats and Merats are very extravagant. They spend money in drinking, *mosars*, marriages, and *natas*.

1484. The Co-operative Department ought to have engaged preachers to give good sermons to them in order to give up drinking and spending money uselessly in *mosars* and marriages. This would have been an effective lesson on thrift.

1485. The *mahajans* also spend lot of money in *mosars* and marriages, etc.; but as they are mostly monied people they do not feel it much.

1486. 83. The farmers, except very few, have no money to lend to their fellow agriculturists. Those who have got surplus money, use it for purchasing lands and making ornaments.

1487. 84. Cheques are not used as there are no joint-stock banks.

1488. 85. (a) Yes.

(b) Those people who are not well-versed in the banking system do not like to invest money in banks. The banks raise objection on minor points for which the indigenous banker has to suffer a great loss. The banks do not treat them equally.

(c) Co-operative societies, Government Provident Fund for Government servants, Postal Savings Banks, Postal Cash Certificates, insurance, etc., encourage saving and investment habits.

(d) There is every facility for this purpose. Postal Saving Banks can be extended in the interior.

1489. 86. In literate classes Postal Cash Certificates are popular. It can be much more popular, if the rate of issue is reduced to Rs. 75 instead of Rs. 77/8/- per Rs. 100/- and the term of not allowing interest is reduced from one year to three months.

1490. Post Office Savings Banks afford all possible facilities, they can be much more popular, if the rate of interest is increased to 5 per cent. and the limit of deposit per year is also increased.

1491. Clerks, servants and military people chiefly deposit money in savings banks.

1492. 88. They may be induced to use interest on their capital for imparting free primary education.

1493. 89. There is no Government competition with banks because there is a difference between the terms of Post Office Cash Certificate and the banks. Treasury Bills have to some extent.

1494. 90. Every tehsil or post office may be allowed to purchase and sell Government securities, from and to, the public, because the banks do not exist everywhere. The agriculturists of this sub-division are not in the position of purchasing securities at present.

1495. 91. See above.

1496. 92. Printed pamphlets in vernacular distributed from time to time and lectures by the branch school teachers and deputy inspectors, co-operative staff and the tehsil staff can educate the people of the country from village to village, first how to save money and then how to use it.

1497. 93. No favourable result. It has helped the wealthy class and *shroffs* to some extent for remittance purposes to other large towns. Some current accounts of clerks, Government servants and Europeans have been opened.

1498. 94. The existing banking sources are co-operative central banks, indigenous bankers, *shroffs* and money-lenders. They are not adequate.

1499. 95. Post Office Savings Banks should be opened in some important villages in the interior of Merwara. Looking to the present circumstances, there is no benefit by opening joint-stock banks in this District.

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Supplementary Answers.

1500. 88.—The following may kindly be added to the answers already given:—

(a) The attention is drawn to para. 1 (4) Clause 347, Section VII, page 138, of the Postal and Telegraph Guide, August 1929 Edition, regarding Post Office 5 year Cash Certificates reading:—

"The total amount of cash certificates which may be held by one person whether in the capacity of a shareholder, or of a joint holder, or of both is limited to Rs. 10,000".

This is not reasonable. If "A" holds Cash Certificate of the face value amounting to Rs. 3,000 as a sole holder, Rs. 6,000 as joint holder with "B" and Rs. 1,000 with "C", he is not entitled to hold Postal Cash Certificates for any further amount as the limit of Rs. 10,000 is completed. But as it is not reasonable I would like to suggest that in calculating the amount of the limit, half and half for each should be taken when the Postal Cash Certificates are in two names and if in 3 names 1/3rd the amount for each and so on.

(b) Further attention is invited to Page 140, clause 8 (1), Section VII of the aforesaid Post and Telegraph Guide, requiring succession certificate, probate or letters of administration in case of the deceased holders if the amount exceeds Rs. 5,000. I wish to suggest in such a case, to avoid cost and inconvenience for getting probate and letters of administration or succession certificate, that a declaration form may be introduced which may be executed by the sole holder or the joint holders at the time of purchasing the Postal Cash Certificates to nominate ^{his successor} ~~their successors~~. It would avoid the whole trouble and if it be deemed necessary the signatures of the nominees be obtained

1501. *The following letter was received from the witness in reply to a letter from the Secretary to the Committee.*

As desired I give below some specific instances in which the Kabulis have ill-treated their debtors. Kabulis charge interest from 3 annas to 4 annas per rupee per month. One month's interest is deducted beforehand from the principal at the time of payment. On the days of payment of the wages in the mills these people come and sit out of the compound of the mills in the way with big *lathis* (stick) in their hands. The debtors are very much afraid of them they do not go out of the mills till the Kabulis go away. They (Kabulis) beat their debtors very cruelly. I am informed that in the villages, their treatment is intolerable.—

1502. (1) Bhoma Himta, ring-piecer Edward Mills was beaten about 4 or 5 months ago.

(2) Sabdal Sanwat Khan, ring-piecer, Edward Mills was beaten some 7 or 8 months ago.

(3) About 3 or 4 days back Nanda, Laloo, Bhambhi, ring-piecers would have been beaten very seriously by Misru Khan, had some other persons not intervened.

- (4) Moti Mala was several times beaten and ultimately he had to leave Beawar.
- (5) In the same way Jaisingh, jobber was beaten several times; he had also to go away from Beawar.
- (6) Azima, now deceased, was often beaten. He used to remain in the mill upto 10 p.m. and then to come early while it was still dark to the mills. He was very much afraid of these people.
- (7) Hardeo, son of Ganesh, sweeper was beaten by Buddhu Khan on 7th December 1929.
- (8) Kheta, son of Lachman, sweeper was beaten on 2nd December 1929, by a new Pathan.
- (9) On 5th December 1929 Rampal, son of Bhairun, sweeper and Guru Baksa, son of Lachman, were beaten by the new Pathan.
- (10) On 6th December 1929 Shanker, son of Ghamandi, and Shanker Uma were beaten by Buddhu Khan.
- (11) Itwari Ramchander, Nathu Ganesh, Goru Jamna and Chhoga Bhabhut were also beaten by the new Pathan.
- (12) Chanda Moti, Mota Magna and Rama Mayaram Bhambhis were also illtreated.

1514. I have collected the above information through our timekeeper Chiranjilal, Bhairulal Munshi and Rampal, son of Bhairon, sweeper Rampal sweeper son of Bhairon is ready to give his evidence if necessary.

Oral evidence.

1515. *Prof. Chabiani*: In reply to question No. 2 you have given us the rates of interest charged by professional money-lenders. Do you include in these professional money-lenders the persons who do *hundi* business?—Professional money-lenders are quite separate from indigenous bankers.

1516. You are not including indigenous bankers?—No.

1517. You say that realisation of debts is not an easy task for this class. Why?—They cannot recover their money easily.

1518. Considering this fact, what is the net return that the man gets when he charges 1 or 2 per cent. per mensem?—I think not more than 6 per cent. per annum. It may be less than that, because in the end they are the losers.

1519. In reply to question 3 you say that "the moneylenders have a complaint against the Land Alienation Act and the co-operative societies, as the societies can recover their money more easily and earlier than the money-lenders, unless some similar convenience is given to the money-lenders also". If this convenience is given to them, do you expect that the rate of interest will come down?—I think so.

1520. Appreciably or to a small extent?—I think appreciably.

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1521. Then you say that three years' limitation is not sufficient. Why do you consider it insufficient?—Because the produce of the land has decreased and there are sometimes famines.

1522. If the limitation period be extended, will it postpone addition of interest to principal to a period beyond three years?—I don't think interest will be added to principal until the bond has to be renewed.

1523. About these ordinary banks when is interest added; at the end of one year, two years or three years?—In the banks interest is added every year.

1524. Can you tell us the rate of interest charged by the Imperial Bank on mortgages of property, say, the mortgage of a house in Ajmer?—They charge about 6 to 7 per cent.

1525. Is not 6 or 7 per cent. charged to indigenous bankers when their *hundis* are discounted? If so, the rate of interest on loans against house property of other people must be higher?—I do not know.

1526. In reply to Question 8 you refer to *Kabulis* who advance money to poor agriculturists. Are there many such *Kabulis* who advance money?—I cannot say that they are many, but in Beawar where there is a population of 22 thousand people, there are 4 or 5 *Kabuli* money-lenders. These *Kabulis* advance money mostly to the mill-hands.

1527. You have given us certain instances. Could we get any direct evidence from any of these borrowers at Beawar?—I have asked them and they said that they would give evidence.

1528. What do you think is the remedy for such a state of affairs?—The rate of interest should be brought down, I think that is the only remedy.

1529. Is there no room for borrowing from the mill-owner on easier rates of interest, or for forming co-operative societies for these mill hands?—Some of these mill hands are members of co-operative societies.

1530. But why is it then that the co-operative society is not extending its business rapidly when these men have to pay so much interest to the *Kabulis*?—*Kabulis* do not want any security while co-operative banks do.

1531. That means that so far as the mill-hands are concerned, they have really no credit even among their fellow mill hands who could stand as their security in a co-operative society?—No.

1532. Do you find any mill-hand who has got some reputation with his fellow mill-hands going to the *Kabuli*?—Very low people go to the *Kabulis*, not men of reputation.

1533. You have given us 8 or 9 instances. Are these borrowers new members who have not yet been able to build up sufficient social relations with their fellow members to induce them to stand surety for them in a co-operative credit society or are they the better class people who simply want to hide their indebtedness?—They are not of the better class. They are people who are very much in debt, and when they do not get money anywhere, they are obliged to take this course.

1534. If these people have got no security to give, how would you bring down the rate of interest?—According to the present circumstances it is difficult.

1535. How can you change the circumstances; can you suggest anything?—I have not thought over this.

1536. I want to understand your answer to Question No. 19. Do you buy goods direct from the agriculturists or you only buy through agents?—Through Beawar agents. The agriculturists sell their goods through the commission agents at Beawar.

1537. Who comes and sells through commission agents, the agriculturist or the village money-lender?—Sometimes the agriculturist and sometimes money-lender.

1538. Both parties get it sold through the commission agents?—Yes.

1539. Is the number of agriculturists bringing produce to Beawar for sale increasing or decreasing?—I think it is decreasing.

1540. More people are selling through the village *bania*?—Yes.

1541. Does the *bania* insist that the goods should be sold through him?—They do, because they lend money on the produce. So they are anxious that the produce should be sold through them, so that they may have an eye on it and get back their money.

1542. Is that produce sold at the market price obtainable in Beawar or is it sold at much lower prices to the village *bania*?—At the ruling market rate, but at the time when the produce comes to the bazaar, i.e., at the time of the harvest, the prices are low.

1543. But the *bania* purchases them at the ruling market prices?—Yes.

1544. So then the object of this *bania* is merely to recover his money and not to get it at a low price?—Yes.

1545. Does the *bania* store his produce or does he also sell it as soon as he gets it from the agriculturist?—I find that they are sold at once, but in the case of cotton I have seen that when the price is very low, they sometimes store it and they get money on that.

1546. When the price is very low and they store it, do they credit it to the agriculturist immediately, or after it is sold?—This I don't know.

1547. Is there a general impression among these agriculturists that the *bania* credits them with the actual price or do they suspect that he gives them a lower price?—They don't entertain any such suspicion.

1548. You make suggestions in reply to Question 32 about a big bank and you say that the margin should be 33 per cent. between the amount of loan and the value of land to be mortgaged. What will be the security of a bank in this Province where there is the Land Alienation Act and where there is the *istimrari* area?—I have already said therefore that the Government should guarantee the loans.

1549. If the Government is going to guarantee it, there must be some security for Government to fall back upon?—Land can be sold with the permission of the Collector.

1550. Do you think that the Collector must give permission when the Government has itself lent on the security of land?—Yes.

1551. If that is so, then why should not the lands be held as security directly by a man on the basis of its price in free market, instead of nullifying the Land Alienation Act in a round-about fashion?—If Government guarantees, the rate of interest will become low, otherwise not.

1552. The rate of interest depends upon the security. If the land secured can be sold, people will entrust their money to a land mortgage bank. You get low terms because of the bad security. If your security is good the rate of interest will be low?—If any one wants to take advantage of that; but everybody wants to charge a high interest rate.

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1553. It looks as if you want to throw the entire responsibility on the Government, so that when it is profitable to sell, they will sell it in a free market, otherwise not!

1554. *The Chairman*: What you mean is this, that you would like to keep the Land Alienation Act; you think it would be advantageous to both parties!—If they will be able to get loans at low rates.

1555. *Prof. Chabiani*: If the mortgage banks advance money on the security of Government guarantee, when the loss occurs, Government is to bear it and the land must therefore be mortgaged to Government!—Before the Land Alienation Act the rate was 6 per cent. If the Land Alienation Act is removed, we can hope for still more reduced rates.

1556. What you are contemplating is not a joint stock bank, but an indigenous banker!—Before the Land Alienation Act there were no mortgage banks. If you have got a bank lending money at a low rate of interest, the bank must get the mortgage of the land or Government guarantee. In either case Government must sell the land in case of loss.

Should Government in such case sell it in the open market or only to the agriculturist!—There should be no Land Alienation Act in that case.

1557. In reply to Question 49 you have enumerated the industries of Beawar. All these mills must need money when cotton is to be stored. Do the banks give them any facilities then!—They don't want any money from the banks. They issue *hundis* in the market and the public take their *hundis*.

1558. Are they able to get money at a cheaper rate of interest by selling *hundis* than by borrowing from the Imperial Bank!—Yes, they have got credit in the market.

1559. Which means that these mill owners are in a sense also bankers!—Yes.

1560. Why do not these bankers start more industries here! Do they feel any difficulty on account of funds!—The industries are increasing day by day. The difficulty is in respect of organization and not on account of funds.

1561. This appears to be a province where no substantial improvement can be made by means of agriculture, and the only course left open is to encourage industries. The labour is quite sufficient here, and if there is no financial difficulty in increasing the number of mills we should expect to see the Province industrialised very soon!—The only difficulty is want of organization and not of funds.

1562. Is dyeing and printing work in the hands of small or big men!—It is in the hands of small men.

1563. Have they any need of funds!—Yes.

1564. From whom do they get money!—From the piecegoods dealers.

1565. Can piecegoods dealers advance sufficient amount!—Yes.

1566. Free of interest or on interest!—On interest.

1567. At a low or a high rate!—About 6 to 12 per cent. per annum.

1568. How do the snuff making people manage their affairs!—They have got their own funds.

1569. Is there any room for co-operative societies for labourers and artisans!—I cannot say.

1570. Indigenous bankers deal also in cotton and wool. If they get sufficient profits in banking why do they speculate?—In speculation they sometimes get large profits, and in banking business they get ordinary profits.

1571. Indigenous bankers of old times never speculated. Why do the indigenous bankers of the present day indulge in speculation?—In old times these indigenous bankers received deposits, advanced loans and used to do remittance business. All these three branches brought in sufficient profits. Now these lines do not bring in any large profits. Moreover formerly people were industrious, now that is not the case. They have become greedy, and speculation does not require any large capital.

1572. What percentage of the people (indigenous bankers) indulge in speculation?—Many people indulge in this sort of business.

1573. It is sometimes suggested that those people speculate who don't get much profit out of banking, and that if they are given facilities for extending their banking business will they give up speculation?—Yes, I agree with this suggestion.

1574. Please name some of the places on which the indigenous banker of Ajmer and Beawar draw their *hundis*?—Bombay, Calcutta, Karachi, etc.

1575. Does he draw more *hundis* on Karachi than on Bombay or less?—Less.

1576. Is there any business in *hundis* on inland centres like Delhi, Cawnpore, etc.?—Yes, there is.

1577. Amritsar also?—No. Only up to Delhi or Agra.

1578. Has the indigenous banker any business dealings in the shape of remittance by means of *hundis* with the indigenous bankers of Indian States?—Yes.

1579. Does any profit from the Indian States form part of the income of the indigenous banker of Ajmer?—All places contribute to his income.

1580. How much in a rupee does Ajmer-Merwara contribute towards his income?—I cannot say.

1581. Is it appreciable?—Yes.

1582. Is *maiyadi hundi* frequently used here in these days?—No, it is not widely in use.

1583. Since the increase of stamp duty, have *maiyadi hundis* increased or decreased?—They have decreased. If the stamp duty is abolished, they would increase. Several people in Beawar execute receipts in order to avoid stamp duty.

1584. Then it means that receipts have taken the place of *maiyadi hundis* on account of the increase in the stamp duty?—Yes.

1585. What is the difference between rediscounting a *maiyadi hundi* and a promissory note which is really intended to be a *maiyadi hundi*?—A banker can take a *maiyadi hundi*, but he cannot rediscount a promissory note. *Maiyadi hundi* is more respectable than a receipt.

1586. There are four sources of income to an indigenous banker; first his own capital, secondly, deposits, thirdly, *hundi* business, and fourthly, commission on discounting. What percentage of income does each of these lines contribute to his income in these parts?—I cannot say.

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1587. Is the deposit and *hundi* business sufficient here or not?—It is insufficient.

1588. And deposits?—Yes, the same.

1589. The indigenous banker may be giving a very low rate of interest on deposits, which may be insufficient in quantity on this account only?—But the indigenous banker does not accept deposits here.

1590. Why does he not accept deposits?—The chief reason is that there are ups and downs in the life of every man and the depositors, when they see that a banker is in difficulties, help towards the failure of his business by demanding immediate return of their deposits.

1591. But the joint stock bank or the Imperial Bank must be keeping some reserve fund to meet their demands in time of need and similar may have been the case with the old indigenous bankers in the past?—In old times they used to keep deposits underground.

1592. Do the indigenous bankers take advantage of the Imperial Bank freely or not?—Not freely: they don't want to take any help from the Imperial Bank.

1593. Then there must be some difference in the *hundi* rate of the Imperial Bank and that of the *shroffs*?—If the Imperial Bank raises the *hundi* rate, the *shroffs* also raise their rate.

Is the market rate governed by the Imperial Bank or the indigenous bankers have got their separate market rate?—I cannot explain.

1594. Can you show from your account books the difference between the rate fixed month by month by the Imperial Bank and the market rates charged by the town *shroffs*?—Here no such rate is fixed by the Imperial Bank.

1595. But supposing the Imperial Bank in Bombay raises the market rate: then naturally the branch office at Bombay of the indigenous banker of this place would raise its rate. Would this affect the rate of the local office here in any way?—This fact would affect the demand drafts and not the *mailgudi hundi* rate.

1596. Is the demand draft business profitable?—The bankers are losers in this concern.

1597. Does the Imperial Bank make any distinction in giving supply bills between the bankers and the general public?—The bank charges a special rate from respectable firms; it grants some concession to them, but it is not much.

1598. Are the public deposits mostly with the *shroffs* or with the banks?—I cannot say.

1599. In reply to Question No. 67 you say that internal remittances are made by *hundis*, letters of credit, postal money orders and insured letters. Can you give us an estimate of all these means of remittance?—It is done mostly by means of *hundis*.

1600. Which is more, money remitted by means of *hundis* or that which is sent through the post office or by special messengers?—In the neighbouring areas it is remitted mostly through special messengers.

1601. What about the ports?—In that case *hundis* are used.

What is generally used, *Lundis* or supply bills?—*Hundis* are used for small amounts and for big amounts supply bills are used.

1603. Why do the merchants patronise the *shroffs* in preference to the banks?—Because the *shroffs* accept the *hundis* of the merchants without distinction and the banks impose certain restrictions, and therefore the merchants don't go to them.

1604. Is there uniformity in the rate of *hundis* drawn on Bombay, Karachi, Delhi, etc.?—The indigenous bankers here have got dealings only with Bombay.

1605. How much is invested in the Post Office Cash Certificates in this province?—I cannot give you an estimate of this amount, but these investments have not affected the deposits with the *shroffs* to any great extent.

1606. What amount of silver is imported here annually?—I cannot say.

1607. *L. Bal Kishen*: You say that the obtaining of decrees from the civil courts is a very expensive and troublesome task owing to the lengthy and wearisome process. What remedy do you suggest?—I would suggest the formation of the *panchayat* system; say, ten persons should be appointed as *panchs* of a *panchayat* and each of the parties should nominate a *panch* and all the cases should be decided by these *panchs*.

1608. Should there be an appeal from the order of these *panchs*?—Yes, and for that purpose ten more persons should be appointed as members of the appellate court.

1609. In your memorandum you say that the branch of the Imperial Bank at Ajmer does not give any loans to the *zamindars*. Why does not the bank advance loans?—I cannot say.

1610. In reply to Question 32 you say that the margin should be 33 per cent. between the amount of loan and the value of land to be mortgaged. You mean the actual value of the land or the produce of the land?—I meant the value of the land. Now land cannot be sold on account of the Land Alienation Act. People won't be able to raise loans without the security of land.

1611. In reply to Question 32 (c) you say that such a bank can raise money by deposits and debentures and from the central bank, if guaranteed by the Government. The bank will require loans for long terms?—I cannot say.

1612. In reply to Question 41 you say that the co-operative societies only lend money. But they also sell shares, and if the members wish to keep deposits with them, they can do so?—Yes.

1613. *Seth Fithaldas Rathi*: What difficulties are experienced by the agriculturists in obtaining loans from the co-operative banks?—I don't know.

1614. Do you think it would prove beneficial to the agriculturists if the custom of giving funeral feasts and drinking were stopped?—Certainly.

1615. Are you in favour of legal measures being taken towards this end?—Yes.

1616. Does the agriculturist get better prices by selling his goods through the *artia*?—Yes.

1617. *Kanwar Motilal*: Do the agriculturists come in large numbers to sell their goods?—I don't know.

(The witness withdrew.)

Pandit Naurang Ray Sharma.

Mr. KANHAIYALAL GARGIYA, G.C.A., F.S.P.A., Public Accountant and Auditor, Beawar.

Replies to the Questionnaire.

A.—AGRICULTURAL 'INDEBTEDNESS.

1618. 1. I cannot give an accurate figure or even an approximate one.

1619. It can be prepared with the help of the village *patwaris*, but even then it is likely that the money-lenders as well as the cultivators will not state the true figures. But we can make an estimate, however, on that data. As a matter of fact the cultivators in this part of the country are very badly off and unless and until the Government takes very sympathetic steps, by advancing loans at a nominal rate of interest and see that all old debts are wiped off, they cannot improve. They should then be encouraged to sink wells, or *talabs* should be dug wherever possible to enable them to work hard on their fields with the certainty of crops. There should be punishment, fine, or imprisonment, or both, if they indulge in the evil habits of drinking or *mosars*. They are ruined, most of them owing to their idle habits. They should be induced by means of demonstrations, through magic-lantern shows or otherwise to have some secondary side occupation in their spare time to better their financial positions. Their conditions are pitiable. Dairy-farming, weaving, hand-spinning, poultry farming, vegetable producing, planting fruit trees near big cities, sheep-breeding, and so on are the occupations which they can follow.

1620. The creditors are mostly indigenous money-lenders and the Government; the co-operative banks have financed a few of them as well.

1621. The money lender through greed advances loans for their bare needs with or without security and loses even the principal often. He can recover his dues, but very rarely.

1622. 2. The Government charges 6½ per cent. per annum the co-operative banks from 5 per cent. to 12 per cent. sometimes 18 per cent. per annum, while the professional or indigenous money lenders' rates of interest vary from 9 per cent. to 18 per cent. per annum. Simple interest is often calculated sometimes yearly, but more often after three years, while in some cases compound interest is charged.

1623. The Government and the co-operative banks can, and do, collect their dues with certainty, as they have all facilities, while the poor money-lender is at the mercy of the cultivator and the civil court's justice. The cultivators are pearly ruined and the money lender is not earning the desired profit.

1624. 3. First I should deal with the Land Alienation Act. Previous to the introduction of this Act, the cultivators were considered to be honest and, to speak the truth, they tried their best to produce crops to the best of their ability, but now when they know that they cannot lose possession of their lands they have become slothful, and although they still induce the money-lenders to advance loans to them in time of need, they make all sorts of excuses and try their utmost to see that in litigation they win the case and the money-lender is put to loss.

1625. Secondly, to add to the misfortunes of the poor cultivators there is no concession in the courts for them. I mean in the court fees, etc. I would suggest that the court fees for any suit filed against *bona*

fide cultivator should be abolished or should be very nominal, if the transaction between the money-lender and the cultivator is, a *bona fide* loan for improvement of land, or sinking a well, or for some such other purpose.

1626. The parties may be made to understand that while getting a loan and executing a document they should make it a condition that in case of dispute the matter is to be decided by arbitration. This will save them from unnecessary waste of money and time in a civil court. The award of arbitrators should be sent to such courts for execution.

1627. 4. No, it is not so, so far as I think.

1628. 5. No, it is not so, so far as I think.

1629. 6. The farmers in this country are quite illiterate and followers of old customs, which have degenerated and are undervalued by every succeeding generation. The custom of mortgaging land for 20 years is prevalent but to a little extent. This induces them to idle habits as they do not work so hard as to produce the best yield on their fields. The system therefore of sharing one-third or a half of the produce should be abolished and that of paying interest at so much per cent. should be introduced. This will make them industrious. Provision should also be made that in case the farmer fails to pay proportionate principal and interest yearly the period would be lengthened. This will set the matter alright.

1630. 7. No.

1631. 10. I think it would be difficult to get accounts published, but legislation can be made and *tontomed*, and different rates of interest fixed at which money can be lent by private money-lenders on the security of ornaments, or land, and without security.

1632. 11. There is no village *panchayat*, but this should be established and recognised, and a case submitted to the court should be transferred to *panchs* of the village, to encourage this most essential and old system.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

1633. 12. It is mostly supplied by the professional money-lenders at rates varying from 9 per cent. to 18 per cent. per annum; seed is given in kind and 5 seers a maund, or 12½ per cent. per annum per crop is charged as interest.

1634 & 1635. 13. The cultivator takes advantage of *takari* when he is hard pressed by circumstances; the reasons are laid down below in answer to question No. 27.

1636. 14. No: there is no co-ordination.

1637. 15. The system is not prevalent here, perhaps, for want of education.

1638. 16. No, I cannot.

C.—FINANCE FOR MARKETING.

1639. 17. Beawar has a good *mandi* and is a trade centre of all products of the districts, where there are very many wholesale dealers, who can purchase all the produce that is brought for sale.

1640. 18. This will be replied to in detail when I appear as a witness.

1641. 19. The agriculturist does not store his crop.

1642. 20. I cannot say.

1643. 21. At present when the cultivator or any other person brings the produce to the Beawar town and sells it through an agent, who would

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charge $\frac{1}{2}$ per cent. to 1 per cent. as his commission, he can take the money after the commodity is weighed up. The agent recovers the money thus advanced later on in the evening or within the next 15 days. By affording this facility the cultivator has not to wait, while at times the agent gets another chance of earning a similar commission in arranging purchases for an exporter.

1644. The traders sometimes even advance money if the producer desires to keep his stock to see the trend of the market. But in this case 6 per cent. to 9 per cent. interest and godown rent are charged.

1645. When a commodity is exported the exporter can have some money on presentation of the railway receipt.

1646. 22. The money is advanced on railway receipts or when the goods are in actual possession of the money-lender or bankers or commission agent. This is a safe system, though a bit expensive.

1647. 23. I cannot say anything in this respect.

1648. 24. I cannot say anything in this respect.

1649. 25. Now-a-days long period loans are required nearly by all classes of agriculturists and traders.

1650. 26. The facility of obtaining loans by landlords is reduced to some extent by the introduction of the Land Alienation Act. After 20 years the loan-holder or debtor is sole owner of the land if it is mortgaged, and hence full value or even good value is not advanced. People are afraid that the Government give preference to the co-operative banks and the *zamindars*. Partly due to this belief the cultivators have become slow, idle, and careless in producing crops.

1651. They take little care of the plot under mortgage. The result is discouragement to both.

1652. 27. There may be some defects in the system of advancing of *takari* loans, but I think most of the cultivators do not take advantage of it as they know that the amount will have surely to be repaid. They borrow off and on, from their indigenous money-lender, for the payment of whose loan they are not particular.

1653. If they are educated and taught never to borrow, unless they are able to repay, much can be done. Their extravagant old customs, their habits of drinking or of carelessly spending money when they get it either by hook or by crook, are the main sources of their ruin.

1654. 28. This can be traced from *tehsil* records.

1655. 29. Yes, the adverse effect of the Land Alienation Act is given above. If the old system is again introduced, it will make the cultivators realise their responsibility of paying the loans, and the money-lenders will also have the certainty of recovering their money as a safe investment.

1656. 30 and 31. There are no mortgage banks in this district.

1657. 32. Yes, if such a bank be established with a capital of about 20 lacs, it will work very nicely. It will be profitable both to the cultivators and to the shareholders.

1658. It should be worked on the lines of a limited company, but should have full support of the Government and the *tehsil* staff but not at all on the lines of the co-operative banks. It will have free deposits.

1659. 33. The highest rate to be recovered on loans to the agriculturists should be 7 per cent. to 9 per cent., and that allowed to depositors 5 per cent. to 6 per cent. varying with the period of deposits.

1660. 34. The value of land should be calculated at 50 per cent. to 60 per cent. of the selling value of the land near the plots offered.

1661. 35. If it is under Government supervision, i.e., *tehsil* officers render help in a sympathetic way, there will be no fear of loss.

1662. 36. The land revenue forms the major portion of income of the Imperial Treasury, and it will be worth while if the Government mercifully reduce the process fee, registration and other charges in the case of agriculturists, if not for ever, only for 20 years as a temporary measure to see if this can improve their condition.

1663. Their rights can be better established if the provisions of the Land Alienation Act, are made a little slack or generous.

1664. 37. The security of land is sound but the expensive habits of the cultivators make it all the more difficult for themselves to pull on during hard times as the crops are almost uncertain in this part of the country, where failure of rain is a certainty. They should be taught economic ways, to reduce their expenses on deaths and marriages and to give up their evil habits of drinking. Money should be advanced for improvement of land, sinking wells or for the purchase of cattle. Law should be made to penalise drinking and extravagances.

1665. The Government should also, when they ask the money-lenders to charge less interest, show their sympathy by reducing court and other expenses for this poor class of their subjects as this would be true sympathy.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

1666. 38. Growing vegetables in the vicinity of cities can form a good source of income to average cultivators; gardening is expensive and would require much training and experience. The waiting period would also be too much and an ordinary cultivator would be tired.

1667. 39. Instead of having model farms at fixed places where success is cent. per cent., model farms should be established on the worst land of a village, and methods of improvement should be shown there by practical examples.

1668. 40. The best occupations for farmers in idle seasons would be weaving coarse things, such as *niwar*, *durries*, *khadi*, hand-spinning, blanket-making, etc., dairy-farming and keeping sheep, etc., for holders of large areas of land would be more suitable occupations and more paying.

F.—RURAL CO-OPERATION.

1669. 41. The co-operative credit loaning companies, are merely money-lending societies.

1670. 42. The co-operative banks are quite aloof from the Imperial and other banks. If they take banking business they can be popular and be of utility.

1671. 43. The co-operative movement has been to some extent a failure in this district for want of sympathetic and real workers.

1672. 44. It is a long process. I do not think they have fulfilled the demand.

1673. 45. I cannot give a definite reply.

1674. 46. There is no such composition.

1675. 47. No.

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G.—NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

1676. 48. The rate of interest well-established among the bankers is 7 annas 9 pies per cent. per month. A letter or a *hundi* suffices and does all sorts of work more satisfactorily than a currency note would do.

1677. 49. There are big mills and other factories. They have got their own financial arrangements, and are not in monetary trouble so to say.

1678. 50. It can meet the needs of small industrialists to some extent and is meeting, but it needs much overhauling, proper supervision, and check over the workers and loan-holders.

1679. 51. I cannot specify any measure.

1680. 52. No banks or bankers advance money on goods imported or exported in this district. Goods from the farm are brought to the *mandi* or centre either by farmers or their principals who advance money in order to get the produce.

1681. When exported, they draw some money which is sometimes 70 to 80 per cent. of the value from the agent through whom they export, while at the time of importing they either pay the drafts at the ports of entry or borrow money from their own bankers on their own credit, but not on the security of the goods.

1682. 53. I differ. The market in India for commodities of trade, e.g., cotton, wool, wheat, sugar, etc., all depends on foreign, i.e., English and American markets.

I.—INDIGENOUS BANKER AND MONEYLENDER.

1683. 55. It is the *mahajan*, literally great man, who has been rendering most valuable services from times immemorial to the kings down to the peasants in this country. They are so shrewd, generous and sympathetic, that they would help anybody and everybody, and would undergo any risks, which may sometimes be even unremunerative.

1684. 56. They do nearly all sorts of trades possible side by side with money-lending. Pure money-lenders would be only 1 to 2 per cent.

1685. 57. They afford all sorts of monetary help, accept deposits, and sometimes would buy shares of an industrial concern but would rarely deposit their money with others.

1686. 58. I cannot say regarding points (a), (b) and (c).

(c) Their expenses are moderate

(d) The relations of one banker with another are only according to their respective standing.

1687. Owing to being ill-educated, they do not keep relation with organised banks.

1688. 59. A *hundi* is not used in place of notes or rupees. The forms are complete and clear. I attach copies of a *hundi* and a promissory note. There is the constant and great fear of forged currency notes as it is very difficult to distinguish between a genuine and a forged currency note.

1689. 60. He would grant loans and cash credits according to financial standing of the agriculturist, and would charge a higher rate of interest on cash credits than on loans on property mortgaged.

1690. 61. The bankers and *shroffs* are financed by their own capital. At times they would draw on their own bankers who have money lying idle. But this credit is only according to the position of bankers.
1691. 62. The *sahukari* rate is Rs. 5-13-0 per annum, while rates on deposits vary from 3 to 4½ per cent.
1692. In dull season, i.e., rainy season the rate of *sahukari* interest falls to 3 per cent. while in winter it goes up to 6 per cent. per annum sometimes to 8 per cent. and 9 per cent. in big markets like Bombay.
1693. 63. The agricultural community has to pay 9 to 18 per cent. on cash while 12½ per cent. on kind. The rates vary according to the position of the debtors. If the rates of interest are reduced and the habits of agriculturists improved, they can be better off.
1694. 64. During the last 10 to 15 years the cultivators have been dishonest, irregular and less law-abiding. So now the dishonest and the quarrelsome do not like the indigenous bankers as they did in times gone by.
1695. 65. Their business is now declining. I cannot say how many have failed; but for example, the *khata*s of Beawar *mahajans* of the *ghosi* community can be seen where they would accept a cow worth Rs. 20 for Rs. 100 or more to square up the accounts and so on.
1696. 66. I cannot give a definite reply.
1697. 67. The *hundi* system for internal remittance has been working for ages past most successfully. It is less expensive and not at all risky.
1698. The supply bills are made use of by the trading community but the binding of time is the thing which makes them a burden even in winter season, when *hundi* is always above par.
1699. 68. I am gathering information on the point.
1700. 69. No: I do not think so.
1701. 70. In winter at a discount of 2 annas to 4 annas per cent. In summer and rainy season at a premium of 2 annas to 4 annas per cent. sometimes at par.
1702. 71. I am considering over these points.
1703. 72. Some sort of a charter should be given to well known bankers of good standing, who should advance loan, at a certain rate of interest. They should be given facilities in legal troubles and if preference is given to their claims, much good can be done.
1704. These bankers if recognised by Government can command more business and at a very little cost to the clients as their expenses are moderate; and their increased profits would form a source of additional income to the Government in the shape of income-tax. They should however be of good standing, i.e., must have enough fluid money.
1705. I cannot at present speak on the point of facilities.
1706. 73. The matter requires time to make suggestions, and I am thinking over it.
1707. 74. I think the indigenous banker will not hesitate to accept, if better measures are introduced.
1708. 75. The operation through a bank is so complex and difficult that it does not encourage people of ordinary means to have recourse to them.

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1709. 76. The present *hundi* system is the safest way to do so.

1710. 77. A local bank with local directorate and local capital can command confidence and can work, if it is conducted not on very expensive lines.

1711. 78. The big *shroffs* in India have all realised the benefits of being connected with banks and are doing a good deal of business through them, but the small banker is still not in favour of a bank nor does he approach it. The reason, I think, is that the work is done in English which is not yet so popular, and the country people, not knowing the language at all, cannot enter into account or commence working with them. The outside work, if it were done in the local vernaculars, would be more convenient and would make the banks more popular.

J.—INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

1712. 79. I think none. The estimate of savings of the agriculturist class is practically nil. They always lead a hand to mouth life.

1713. 80. They have no savings so to say.

1714. 81. The habit of investing in gold and silver and precious stones is an inborn nature of an Indian, be he a Hindu or a Mahomedan. Advanced Christians may be exceptions. But the real thing is that only the fortunate few can do so, it is not the lot of so many poor people. The real aim is, that, they think at times of prosperity these valuables will add to their respectability and in adverse times they will be at their command to help them when it would be difficult to sell land, house, shares, etc., at a proper price.

1715. I cannot give the estimate of the amount spent in gold and silver since 1913.

1716. Regarding the tendency towards hoarding, the agriculturists are poor and lead a hand to mouth life and the trader has his fate uncertain owing to fluctuations, so I do not think there is any wealth hoarded in this part of the country.

1717. 82. I cannot give an estimate of this.

1718. 83. I cannot gather information on this point.

1719. 84. The abolition of stamp duty has made the cheques more popular.

1720. As stated above vernacular should be introduced in cheques on banks, bank pass books and other bank papers, wherever possible, to make it more popular. Payments by cheques in big cities may be practicable.

1721. 85. Yes, I cannot say for other parts of the country but in this part, poverty is a permanent disease and so investment is a difficult task. At the same time owing to there being no other means of investment, but to lend, the habit cannot make home. There are no facilities for small investments.

1722. 86. Postal Cash Certificates are the best means of investment; if leaflets in local vernaculars are distributed every second or third month for sometime to remind the public they can be made popular, the same thing should be done in the case of the Post Office Savings Banks.

1723. Mostly those in service keep saving bank accounts and invest money therein. It is a very popular system for them.

1724. Pamphlets and notices in local vernaculars should be published and issued to attract other classes and the general public.

1725. The rates of interest on the cash certificates are already attractive.

1726. There are all facilities to the public in the Post Office Savings Banks and even the peons take advantage of them by making small deposits in such banks which are very popular. It is only those who are in service, that take recourse to this investment.

1727. 87. For persons engaged in mills and other industries national savings movement like that in England will help much to bring home the idea of saving or investing their small savings in the form of cash certificates.

1728. I have no idea of investment trusts.

1729. 88. Such persons can be induced to utilise their capital in concerns like limited companies, industrial associations and then can have profits from them. They can be given special facilities so that money may be forthcoming from them easily.

1730. 89. No, there are different sets of persons. Those who like to buy cash certificates or treasury bills would never deposit with a banker and *vice versa*.

1731. 90. I cannot express my opinion on this subject.

1732. 91. Same as above.

1733. 92. Yes, of course, the agriculturists and the industrialists should be educated by means of cinema shows and other illustrations, so that they may give up their evil habits of drinking and spending carelessly and extravagantly on occasions of marriages and deaths. If successful efforts are made to teach them the lessons of thrift much can be done.

1734. 93. The opening of new branches of the Imperial Bank recently has not in my opinion made it more popular, otherwise it could have attracted a lot of business.

1735. 94. The existing *shroffs* and the supply of cash through Government Treasury in exchange currency notes are adequate resources for the Beawar District.

1736. 95. For this Province I have already stated above the measures required. Before introducing any others, the masses must be educated to produce good crops and reap bumper harvests. Unless this is done all else is useless.

Oral Evidence.

1737. *Chairman*: You propose legislation for social customs like *mosars*?—Yes.

1738. What sort of legislation?—Government should enact that cultivators or agriculturists who depend on agriculture should not indulge in these extra expenses.

1739. Only this class and not others?—If it is extended to trading classes so far so good. For the agriculturists it should be done. This is a

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very bad custom. There is what is called a *neotla* system. After the *mosar* is over, they go from village to village and collect money. In that way they themselves become indebted and they make others indebted also.

1740. You say "first I should deal with the Land Alienation Act. Previous to the introduction of this Act, the cultivators were considered to be honest and to speak the truth, they tried their best to produce the crops to the best of their ability." Is it not so now?—No, this is a fact.

1741. Why?—Because they know that after 20 years they will be the owners of the soil again. The money-lender cannot withhold the land. Because every year 1/20th of the portion is wiped off, he does not care, he takes less interest. I am myself a landlord. I hold about 200 *bighas* of land at Beawar Tehsil, *barani*, *chahi* and *talabi*.

1742. What is the condition of the tenants in your estate?—On account of bad rainfall they suffer. These cultivators look to industries. There are three mills. Some of them are employed as spinners and weavers when they have no work on their farms. Therefore within a radius of four miles of Beawar the people are not suffering so badly on account of bad years as in the different parts of India.

1743. Is your land hereditary?—Yes hereditary. I have money-lending business too. My experience is that the cultivators are not working harder since the introduction of the Land Alienation Act.

1744. Your tenants are not affected by the Land Alienation Act?—No.

1745. You say "the parties may be made to understand that while getting loan and executing a document they should have a condition that in case of disputes the matter is to be decided by arbitration." You propose an arbitration board for the settlement of loans?—Yes, *panchayat* or something like that.

1746. Do you lend money to the tenants?—Sometimes.

1747. Do you experience much difficulty in recovering?—Yes. I have lost a lot.

1748. What is the reason?—The reason is bad crops.

1749. You say they are not affected by the bad crops?—Some of them who are not working in mills are affected. There are also some tenants who do not work in the mills. There is no difficulty with those who are in mills. No loan is lost through them.

1750. You say "the system therefore to get one-third or a half of the produce be abolished and only so much per cent. in the form of interest be introduced". What do you mean?—The thing is this; in Beawar we generally take one-third of the crop from the cultivator. The tenant uses his own seed, bullocks, etc., excluding repairing of wells.

1751. He pays you in kind?—He himself incurs all the expenses. The repairing of wells is done by us. We get one third in kind. We pay the land-revenue to the Government. I cannot say that the cultivator will work harder if this system is abolished, because he knows that out of whatever he produces one-third will go to the landlord.

1752. You propose to substitute cash rents for rents in kind?—Yes. Before the Land Alienation Act my land was giving a good return. Since the introduction of the Act it does not give the same return.

1753. How is one-third of the produce determined?—We go there when the crop is harvested. He keeps everything ready. He weighs it

and distributes it. In the case of corn it is put in earthen pots. It is determined by putting 20 pots on one side and 20 pots on the other.

1754. Is this system of *batai* common here?—Yes. Where we share in seed and other expenses, the share is half and half.

1755. You would change the system by legislation?—Yes.

1756. Stop *batai* altogether?—Yes.

1757. You say "I think it would be difficult to get accounts published, but legislation can be enacted and *tontoned*"?—That is, by beat of drum, so that everybody may know that the Government has reduced the rate of interest.

1758. Interest on what?—Of the money-lenders.

1759. You mean that the rate of interest should be reduced by legislation?—Yes. There should be some concession to the money-lender. At present there is no concession; in the case of co-operative societies and Government loans there is concession, while the money-lender has none.

1760. What concession do you mean?—In court-fees. For agriculturists these court-fees should be abolished. That is why I suggested *panchayat*.

1761. In reply to Question No. 18 you say "this will be replied to in detail when I appear as a witness"?—This is a system of selling commodities. When a cultivator has got a load he sells it to a petty merchant of his own village. Sometimes he pays the value of the head-load to the money-lender for the loan he had taken or uses it for his own private expenses. Sometimes the money-lender purchases it and pays a higher rate, because if there is a bumper crop he can hope to get back the money lent. Sometimes he sells it through a commission agent. Sometimes he himself sells it. If he has no creditor or if the creditor does not appear, he takes the money home.

1762. You say "there may be defects in the advancing of *takari* loans, but I think most of the cultivators do not take advantage of it as they know that the amount will have surely to be repaid"?—Yes, certainly. The money-lender's loan can be put off but *takari* cannot be put off.

1763. I really think that your suggestion of *batai* is very interesting. I do not know whether the landlord will actually endorse the suggestion. It is very sensible. In answer to Question No. 36 you say "Their rights can be better established if the provisions of the Land Alienation Act, be made little slack or generous"?—I shall give you a practical example. I hold more than 200 *bighas* of land. We are hereditary *lambardars*. Do you not think that I belong to the *zamindar* class?

1764. You belong to the *zamindar* class?—Certainly. I am better than a *zamindar*. I spend money towards improvement of fields, manuring, etc. I myself supply them manure. There was a man in my village who was accused of murder. He was sentenced to capital punishment by the magistrate here. My father is the *lambardar*. The people approached him for an advance of money. They said that if the man was freed he would sell his land and pay back. If not, they would themselves sell their lands and discharge the debt. Fortunately he was freed. He executed a document that he would sell such and such land to us. After sometime we had to file a civil suit. He did not appear. The decree was passed *ex-parte*. The civil court

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applied to the Commissioner, but the Commissioner said, "You are not a *samindar*, the land cannot be sold to you".

1765. There are a large number of people like you. I myself belong to that class. You have to look at it from a disinterested point of view?—I think we can improve the land better than the agricultural classes who have no money and who cannot take proper care of the land.

1766. *Prof. Chabiani*: You have made a suggestion that Government should act as a philanthropic association, advance loans to the agriculturist at nominal rates of interest to wipe off all debt. Supposing Government had ample money to act as a philanthropist in this fashion, which of course is doubtful, what guarantee is there that the cultivators will not get into debt again because of the certainty that the Government would help them again?—I cannot say. Legislation should be made against extravagance. If that is done they will not fall into evil habits.

1767. Supposing there are no evil habits, do you think the majority, considering their holdings and bad years, will not fall into debt again?—If they have side occupations in their spare time, they can make a livelihood.

1768. That is, they must be compelled to take to side occupation. Is it practicable?—Not practicable.

1769. You talk of very severe punishment, fine and imprisonment or both, to persons who indulge in extravagance. How big an army of officials will you require for this purpose? How many police officials do you need to challan them?—My point is within 5 or 6 years the extravagance will stop; i.e., if one or two men are punished.

1770. It means the men have to be watched, and everything has to be looked into. Supposing that the punishment to a few does not deter others, you cannot send a whole community to jail?—No. Only the man who does it will have to undergo the trial.

1771. I think it will be practically general?—If one man is punished, others will not do it.

1772. But that one man feels it as a punishment only where he does not go to jail, otherwise he would not feel it. Would it not be practicable to say that anybody who borrows money for the purpose of a *mosar* or feast beyond a particular limit or beyond his capacity to incur debt, should have no protection of the Land Alienation Act? Would not that act as a greater protection?—Yes.

1773. You make a suggestion that the creditors are mostly indigenous money-lenders and the Government, but that the co-operative banks have financed a few of them. Have you enquired into the reason why the co-operative banks have financed comparatively only a few of them? Is it surely not because of the lack of money?—No, but because of the fear of the people conducting the bank and of the way in which they might deal with them.

1774. Naturally therefore any sound system of credit cannot be built up unless the ways of the people are changed which is necessarily a slow process?—I have suggested that by magic lantern lectures and other means they can be changed.

1775. Any kind of educative process will take time?—Yes. Legislation must be the last resort.

1776. What is the average net realised return of money-lenders?—I think he might be recovering between 5 per cent. and 6 per cent. on the whole.

1777. If he is recovering only 5 per cent. net return, could you induce the money-lender to invest it at 5 per cent. in a bank or society? Unless his other business requires that he must also do money-lending he cannot be content with this low return on his investment?—They are all entangled. Because he thinks that if there is a bumper crop he will be able to recover the whole of his debt. Otherwise he would not be content with 5 per cent. or 6 per cent.

1778. It is then a lure?—Yes.

1779. You mention that the banks charge 8 per cent. to 12 per cent. and sometimes 18 per cent. ?—Yes.

1780. Co-operative bank?—Yes. The central banks, through their societies, charge from the mill-hands 18 per cent.

1781. Which societies?—The Mahalakshmi, Edward, etc., mills have societies. The members of those societies have to pay 18 per cent.

1782. *Lala Bal Kishen*: The Registrar said 15 per cent?—I can give you definite names. You can write them down; Dunichand is an instance.

1783. *Prof. Chabiani*: Is a distinction made between the mill society and an agricultural society?—This I don't know. They know that the mill-hands pay and are therefore charged more, because their income is certain. So they charge a higher rate.

1784. *Seth Vithaldas Rathi*: The same reply was given by Sardar Kartar Singh.

1785. *Prof. Chabiani*: After how many years do ordinary banks add interest to the principal?—I think they are adding every year.

1786. In the case of *hundis* do the *shroffs* add interest to principal?—In the case of *muddati hundis* for 60 days they do not add interest to principal.

1787. Not even after 60 days?—If a man does not go to receive it, they won't add.

1788. Supposing a man on whom the *hundi* is drawn does not pay it on the due date, supposing he wants extension of time, would not interest be added?—Certainly it will be added. But in the case of *muddati hundis* two months' interest is taken in advance.

1789. You say, "The Government and the co-operative banks can, and do, collect their dues with certainty as they have all facilities, while the poor money-lender is at the mercy of the cultivator and then on that of the civil court's justice." Would the rates of interest come down if something were done to make justice more speedy?—I think so.

1790. You have talked of the bad effects of the Land Alienation Act. To what exactly are these bad effects really due?—They have got the certainty that the land will remain in their possession. They say that if one banker does not lend, they will have connection with another banker. Before the Land Alienation Act they had the fear that if a man filed a suit against them, their lands would be put to auction and sold. Money then had to be paid. Now it is not so.

1791. Has the Land Alienation Act restricted their capacity to borrow?—Yes, to some extent because one does not know how much the culti-

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vator owes. He goes to a money-lender and says that he owes only Rs. 25 and conceals his other debts. In this way he borrows as much as he wants.

1792. Has there been any difference in the rates of interest charged to the agriculturist before the Land Alienation Act and after it?—No. I think there has been no difference.

1793. So that you cannot say that it has made it more difficult for the agriculturist to borrow?—It has made it more difficult for the money-lender to recover his loans.

1794. So the money-lender should receive some compensation because of this difficulty?—Yes

1795. He knows that there is the Land Alienation Act. Does he not take that into account in advancing money? Why does he not charge a higher rate?—He charges some *kata*.

1796. You mean that before the Land Alienation Act this *kata* was not common?—Yes.

1797. *Kata* has become common now. Is the amount of *kata* the same or changing?—The amount of *kata* has increased.

1798. Taking *kata* into account, the real interest paid by the agriculturist, which includes *kata* as well as the interest, has gone up. Could you substantiate this by means of any account books, say, of 1914?—I shall try to find out.

1799. How old are your own account books?—We came to Beawar in 1912. I can show you the accounts for the years after the introduction of the Land Alienation Act.

1800. Can't you possibly give us an account book for 1913?—Yes. I can.

1801. Regarding court-fees, you say "the court-fees for any suit filed against a *bona fide* cultivator should be abolished or be very nominal, if the transactions between money-lender and the cultivator is a *bona fide* loan for improvement of land or sinking a well or for some other such purpose." How will you meet the cost of justice if the number of cases go up?—I have suggested arbitration, if it is not possible then this concession should be given to the cultivators.

1802. With this concession the number of cases is bound to go up. Then justice is bound to be more costly. Where is the money to come from?—The Government should charge more land revenue.

1803. It means increase of land revenue?—If that is not possible the Government should divert money from some other head.

1804. Government is like a *panchayat* levying something from you. The agriculturist will have to pay more?—I think Government should make some contribution.

1805. Quite true, but after all Government makes a concession at the cost of somebody else—at the cost of the landlord himself, because he will have to pay more land revenue?—I mean that Government should pay.

1806. Government can obtain money only by taxation?—I think they are not charging any court-fees in the case of co-operative bank loans. They can extend the same concession to the cultivators.

1807. There is no court-fee as the whole thing is done by the Registrar of Co-operative Societies. Is it very easy to find impartial arbitration?—Courts also are not impartial sometimes.

1808. But the award of a court is compulsory, whereas arbitration is voluntary. Both parties must consent to arbitration. Do you think there will be no difficulty in agreeing upon proper arbitrators?—Whenever there is a case in the court and when the parties want arbitration and if the court sees they can have it, arbitration is set up.

1809. It is only occasional?—Yes. The village *panchayat* might do something.

1810. Are the village *panchayats* to-day in such a position as to make this workable?—People should be educated.

1811. That means propaganda?—Yes.

1812. Probably then it would be better for the present to have something like a co-operative society in which both the borrower and the money-lender will meet together for the purpose of settling on a voluntary basis. You cannot go beyond a voluntary basis till the education process is complete?—Yes.

1813. You say that the custom of mortgaging land for 20 years induces them not to work hard. How is that?—Because when a land is mortgaged it goes into the possession of the mortgagee. This is only in court papers. But in actual practice when a man has got 10 acres and 4 acres are mortgaged, he works hard on the 6 acres and neglects the remaining 4 acres. He does not work hard on those 4 acres.

1814. When you have a *batai* system, he is interested in growing crops?—His interest is only on the 6 acres and not the 4 acres. If there is another tenant he would avoid them altogether.

1815. How can you prevent this?—If this Land Alienation Act was not in existence, the mortgagee will file a suit and the cultivator will have the fear that his land will be sold in execution of a decree.

1816. In reply to the Chairman you said that after the Land Alienation Act came into existence you were not able to get much. Could you show us any account books showing this?—I can give you year to year description. I have got accounts for the last few years.

1817. They cannot show the effect of the Land Alienation Act. The Act was introduced in 1914. You should give us figures for 1915 at least?—I cannot say if there is any proper account. But I shall make enquiries.

1818. You say that the period of limitation should be increased from 3 to 5 years. What is the object of this?—I mean to say that if a loan is not paid within three years, the document has to be renewed or a case has to be filed in a civil court. As you know the crops in this province are not certain. If it is raised to 5 or 6 years, it will avoid compound interest and the recourse to law court. In better years the debts will be wiped off.

1819. But don't you think the longer the period the more difficult it will be for the courts to arrive at a decision?—That is also possible, but there is the documentary evidence.

1820. Documentary evidence is not always satisfactory because the cultivator can be made to put his signature to anything?—The money-lender will have to prove his document.

1821. The longer the period the more difficult it is to recover his loans. Besides, even the Government destroy their records after some time?—Quite true.

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1822. In reply to question No. 12 you say, "It is merely supplied by the professional money-lenders at rates varying from 9 per cent. to 18 per cent. per annum. Seed is given in kind at a rate of interest of 5 seers a maund or 12½ per cent. per annum per crop"—Sometimes it is 5 seers, sometimes 10 seers. I have put down 5 seers because at that time it was dearer, but now it is cheaper: 12½ per cent. is the real gain if you take 12 months into consideration. If a man takes a loan in the month of May of one maund of grain and returns it in April, in the month of April the difference in rate will be so much that he will get 12½ per cent.

1823. Taking the whole year, not one crop?—Yes.

1824. In reply to question No. 18 you say, "This will be replied to in detail when I appear as a witness"—I have replied to this already.

1825. In reply to question No. 21 you say "when the cultivator or any other person brings the produce to the Beawar town and sells it through an agent, who would charge 8 annas to 1 rupee per cent. as his commission, he can take the money after the commodity is weighed up." Is it common for the cultivator to sell through a commission agent?—He does not dispose of it in the village, unless he gets a favourable rate there. He asks the rate in the town. If the money-lender gives him a favourable rate he agrees to sell in his own village.

1826. You think they know the market rates?—Twenty years ago they were ignorant of the market rates; but to-day if the market rate is 10 seers per rupee, they will give only ten seers. They have become more shrewd.

1827. After charging the commission if the agent waits for 15 days he loses interest?—For 4 days, interest is not charged. That is the custom. He loses interest only for 4 days.

1828. You have put down 8 annas to one rupee per cent.?—He gets about 12 annas. You must deduct one anna per cent. which comes to about 11 annas.

1829. You say "the traders sometimes even advance money if the cultivator desires to keep his stock to see the trend of the market." Do agriculturists do like that?—It is rare. Sometimes they do like that.

1830. Are there any market towns in which the stocking of goods is fairly common in this province?—Yes. It is only in one or two per cent. cases.

1831. In which market?—I speak of Beawar.

1832. You say "when commodity is exported the exporter can have some money on presentation of the railway receipt." From whom?—From the agents.

1833. Here or in Bombay?—At Beawar and Bombay. In the wool trade they produce the railway receipt at the office and that office sends it on to their office at Bombay.

1834. In reply to question No. 26 you say "the possibility of obtaining loans by landlords is reduced to some extent by the introduction of the Land Alienation Act". Then you say "after 20 years the loan-holder or debtor is sole owner of the land if it is mortgaged, and hence full value or even good value is not advanced". Could you give us more definite information on this point?—When a man advances loans he will advance up to only half the price of the land, because he knows that they are to be wiped off in 20 years.

1835. What is the ratio of the value of the annual produce to the total sum advanced? What will be the rate of interest on this basis?—Taking the average years the percentage will come to about 3 per cent. to 4 per cent.

1836. Then the money lender is willing to get 3 per cent. to 4 per cent. on a mortgage with possession as compared with 12 per cent. on the open debt?—The money-lender is compelled to have transaction with the cultivators. He has got old debts. He gets mortgages because that is the only way to pay himself. If I have no other connection with the cultivator I won't advance money to him.

1837. In fact mortgage is pressed on him?—Yes. If I advance Rs. 1,000. after 20 years if I do not get back that amount, a private document is executed.

1838. Is there no limitation period?—No, it is renewed. It is executed in such a manner that it will be current at the end of the 20 years.

1839. You say that mortgage banks are not to run on the lines of co-operative banks. Why?—The general impression about the co-operative bank is that it is very sympathetic, but so far as the working is concerned, it is not satisfactory.

1840. In what respect?—Within the past 18 years *takari* has been advanced to some cultivators, and only half of the cultivators have joined the bank. If they had been satisfied with the working of the bank they would have taken all that they needed because there is no lack of money.

1841. And yet you find that most of the societies have lent money to such a large extent to the cultivators that 4/5ths of their *haisiyat* has been reached. No more could be lent safely?—There are many more people who have not joined the society.

1842. But so far as the facilities for advancing money are concerned, in what respect is the co-operative movement unsatisfactory?—I have seen the dividends declared by the Beawar Bank. They did not declare any dividend in 1927; in 1928 they declared 5 per cent. and in 1928 4½ per cent. If their dealings had been satisfactory, they would have received more dividends.

1843. After all dividends in a co-operative concern are not like the dividends in a joint-stock bank. The success of the co-operative movement lies in a low rate of interest?—The interest charged by them is not low. It is 8 per cent. to 12 per cent. and even 18 per cent.

1844. You think the mortgaging of property by the joint stock banks and mortgage banks is more satisfactory?—I think so.

1845. They would not run after too much of dividend?—No. They will satisfy the needs of the cultivator.

1846. Would you limit the dividend?—Yes. It should be limited to 10 per cent.

1847. A mortgage bank cannot do such work unless the land is freely mortgagable. With the Land Alienation Act, can it work? You again say, "the highest rate to be recovered on loans from the agriculturists should be 7 per cent. to 9 per cent. and that allowed to depositors 5 per cent. to 6 per cent.". That means a margin of only 2 per cent. Can a mortgage bank work on the basis of 2 per cent.?—It has its own capital.

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1848. It must have fair dividend on that if it is to get adequate capital!—I have suggested 5 per cent. If you lower the rate, deposits cannot be brought in.

1849. That is what I am saying. You cannot at the same time meet the working expenses of a mortgage bank. The mortgage bank is a complicated affair. It must have expert staff to value the real limit up to which the mortgage loan money should be given. It means looking into the titles of property. It must have therefore a complete and accurate register of all titles of property. It must have an expert appraiser, as the value of land changes from time to time. It must have people to look after the recovery. In Ajmer for instance, there are scattered villages. It means touring. Could you possibly meet all these expenses out of such a narrow margin of profit?—In that case the rate of interest should be higher.

1850. If you charge a higher rate, would you be able to afford relief?—The rate may be raised up to 10 per cent. or 11 per cent., not as much as 12 per cent.

1851. You say, "their rights can be better established if the provisions of the Land Alienation Act be made a little slack or generous". You mean relaxed?—Yes.

1852. You mean the Land Alienation Act should be relaxed in favour of the bank?—Yes.

1853. Once again you say, "the Government should also, when they ask the money-lender to charge less interests, show their sympathy by reducing court and other expenses of process fee" etc. Do you realise the fact that the Government raises money by taxation? If you decrease the court fees, it means increase of taxation in other directions?—Yes.

1854. In reply to question No. 62 you say "the *sahukari* rate is Rs. 5-13-0 per annum while rates on deposits vary from 3 per cent. to 4½ per cent. In dull seasons the rate of interest charged by the *sahukar* falls to 3 per cent.". Which is the dull season here?—From the months of May or June to the month of October.

1855. In these months the cultivator needs money, and at this very time the *sahukar's* money is idle and is invested at 3 per cent. The cultivator is anxious to get money even at a high rate of interest. Can't you find any suggestion by which this money which is lendable at 3 per cent. may be utilised for the agriculturist at 6 per cent.?—Yes, if there is a guarantee of a safe return.

1856. Supposing there is a Government guarantee, would the *sahukars* be prepared to give money in the dull season, say, at 5 per cent.?—I think they will. It is only for a period of 4 or 5 months.

1857. In reply to question No. 64 you say, "the cultivators have been dishonest, irregular and less law-abiding". Do you think that the laws passed in favour of the agriculturist have had this effect?—Yes. They always make false excuses. When they go to court it is very rarely that they admit the truth that they took the money. If they admit, then they say they cannot pay this much out of crop.

1858. You say, "for example *khatas* of Beawar *mahajans* of Ghosi community be seen where they would accept a cow worth Rs. 20 for Rs. 100 or more to square the accounts and so on." Could you get us some specific instances when we go to Beawar?—If you want them, you can get through the *tehsil*.

1859. Could you not assist us non-officially?—The time is short.

1860. It does not matter even if you give us at 3 o'clock to-morrow!—I shall try to produce one or two *khatas*.

1861. Our judgment will be influenced by actual facts rather than by mere statements. About question No. 68, you say you are gathering information?—Yes.

1862. If you really can induce some bankers to give us some figures we shall be obliged. We want the amount of remittance to mofussil centres, and to Bombay in particular months?—Yes. I can send you a reply.

1863. In reply to Question No. 72 you have given us some general suggestions as to how these indigenous bankers could be linked up, but the scheme, if you excuse me for saying so, has not been worked out in any detail at all. You simply say "some charter be given to well known bankers of good standing". What should be the terms of that charter? You further say "who could advance loan, but at a certain rate of interest"; what rate of interest do you suggest? Again you say "that they should be given facilities in legal troubles". What sort of facilities should they be given? What is the test of that good standing you contemplate? Could you work out these details and then let us know definitely as to what would suit the Ajmer conditions?—Very well, I will work it out.

1864. In reply to Question No. 78 you talk of difficulties due to English language being used in banks?—Yes, in dealing with the banks there is one difficulty, that of time. If there is a *hundi* on a *shroff*, you can go to him at any time of the day and night and have it cashed, while in the case of banks there are fixed hours, and then one has to wait there for a long time. The next difficulty is of the English script.

1865. With regard to the first difficulty, the indigenous banker may be right in honouring the *hundi* at any time, but on the other hand the public would be right in asking that a law should be passed that people should not be made to work for fourteen hours a day?—The indigenous bankers do not work for 14 hours a day.

1866. Do they change the *munim* after certain hours?—No. In the morning, if he goes, he works for two hours; in the afternoon for 4 or 5 hours and then for two hours in the night.

1867. Is this suitable or convenient to all parties?—Yes.

1868. Should there not be one language in which cheques are written so as to facilitate inter-banking business?—Yes, there should be one language, *sharoffi*.

1869. But your dealings do not extend right up to Madras. It is only up to Bombay that you would like to have the same language, because that is your business jurisdiction; you cannot have complexity of languages within that area?—Yes.

1870. Is your *sharoffi* understood all over the country? Do you use Marwari language in your *hundis*? Is it intelligible all over the country?—Yes.

1871. You explain in reply to Question No. 81 the reasons why people invest in gold and silver. You say that they think that at times of prosperity these valuables will add to their respectability and in adverse times they will be at their command. Would they not be able to command cash in adverse times if they invested it in Government securities?—Cash can be used more freely in time of need, and when there are bad times, then they can sell the ornaments.

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1872. By how much do the gold ornaments depreciate at the time of selling?—They don't take into account the fact that the ornaments depreciate in value.

1873. They ought to consider it if they are economically enlightened!—Yea.

1874. What methods do you suggest to induce people to know that there is a better kind of investment, say Government securities, if available, than investment in gold and silver?—We can advertise that the Government securities are safer.

1875. Regarding rates, you say it is sometimes risky because of fluctuation in the rates of interest payable on Government securities and also fluctuations in their value. Supposing the fluctuations in price of these securities are reduced by some kind of sinking fund, do you think we shall be able to induce more people to invest in Government securities?—They cannot quite give up investing in gold and silver, but to some extent they will invest.

1876. You say further on, "I do not think there is any wealth hoarded in this part of the country". Is this consistent with what you have said just now? By "hoarded" I mean collected, and not buried underground.

1877. Can you give an estimate of the gold and silver that has been imported into Ajmer during the last ten years?—I cannot say.

1878. Can we get the figures?—It is difficult to get these figures.

1879. You say in reply to Question No. 85 that, "there are no facilities for small investments". What facilities do you require? You have got the Post Office, you have got the co-operative bank and credit societies in almost every village. Post Office cash certificates are very safe and people have recourse to them, but as many of the people do not know that there is a cash certificates system, they don't patronise the Post Office.

1880. What about the Post Office Savings Banks?—It is also used by those who are in service.

1881. Why not by others? Is it because they have not got money to invest?—Because the Post Office pays 3 per cent. interest. However, interest is not so little, but the thing is that if you do not deposit before the 4th, and if you withdraw before the 30th of a month, you don't get any interest for the whole month.

1882. Is it because the savings bank account is not a current account?—People have not got surplus savings to invest in savings bank.

1883. But can we not bring the savings, of those who have, into some kind of investment by offering special facilities?—The difficulty is that they lose interest.

1884. Do you think that if a *shroff* or even a respectable money-lender who is near a village gives some guarantee to Government and is authorised to receive deposits on behalf of the Government up to a certain limit in the village, the system could work?—I think if the terms are fair, it would work.

1885. What kind of terms do you want? Supposing he gets some commission?—Yea.

1886. How much commission you think would suffice?—That is to be seen on the outturn.

1887. You work it out in certain villages and tell us on what conditions it could work?—Very well.

1888. You say in reply to Question No. 93 that, "the opening of new branches of the Imperial Bank recently has not in my opinion made it more popular, otherwise it could have attracted a lot of business". Why is it not very popular?—Only because of the difficulties mentioned above, e.g. waste of time and not working on holidays.

1889. Has the Imperial Bank by opening its branches in any way affected the business of the indigenous bankers of those places?—It has affected; we do not have so many *hundis* now.

1890. Supposing it has affected, has it on that account been able to attract more deposits or to give more facilities to the people than the indigenous banker was doing before the particular branch was started? It may be that the Imperial Bank by starting a branch has destroyed the business of the indigenous bankers, but this might have served public interest better on the other hand. Supposing the remittance business of the indigenous banker has decreased, has the bank been able to attract more deposits than the indigenous banker, or has it been able to help trade with better credit facilities or has it destroyed something without replacing it by any thing better?—The banks are doing railway receipt business. People get railway receipts through the bank easily. Before this they used to get the railway receipts by Value Payable Post.

1891. Is the Imperial Bank increasing the facilities of the public as compared to what they existed before?—Those who are in Government service or well-to-do men send their deposits to the Imperial Bank; other bankers do not send any deposits to them.

1892. Has the bank been able to attract more deposits than used to be placed with the indigenous bankers?—I don't think so, but I cannot say definitely.

1893. Is the bank able to help trade by means of credit facilities to a greater extent than the indigenous banker?—Here people are not taking advantage of the credit facilities offered by the bank.

1894. It may not be the bank's fault; it may be that the system is such that the other party was more serviceable?—One difficulty is that the bank would put their lock on the articles received, and these indigenous bankers would not; so the people do not like their things to be in the bank's possession.

1894(a). *L. Bal Kishen*: What I gathered from your note generally was that the Land Alienation Act had had an adverse effect on the character of the agriculturists for whose protection it was made. That is your view. At the same time you suggest the giving of some more facilities by legislation to the agriculturists by decreasing process or registration fee. Don't you think it will further lower their credit, because the facility already given, has ruined their character, and more facilities, if given, would further ruin their character and credit mostly depends on character?—It has to be seen.

1895. But you have got the fear that it may add to their troubles?—Yes.

1896. You have just said that the societies in a mill area charge 18 per cent., because it is easily recoverable from the mill-hands because they get regular pay?—That is my guess.

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1897. Do you know to whom this interest goes?—It goes partly towards the expenses of the society, and then the savings are given to the members in the form of dividend and about 5 per cent. or 6 per cent. goes to the bank.

1898. Whatever the difference is in the rate of interest of borrowing from central bank and advancing to members, it remains in the society for the benefit of the members?—Yes.

1899. In the co-operative societies in the parts with which you are familiar, they have got the share system also under which the members contribute towards their shares monthly or six monthly or annually or at the crop time?—Yes, there is a share system.

1900. The members and non-members can also keep deposits if they have got confidence in the society?—Yes.

1901. So it cannot be said that they are only money-lending institutions, but that there is room for the banking side also?—Yes.

1902. In reply to Question No. 42 you say that "if they take banking business they can be popular and of utility". What do you mean by this? Do you mean the co-operative societies in the villages?—Yes, the societies in the villages or even in Beawar.

1903. You say in reply to Question No. 43 that "the co-operative movement has been to some extent a failure in this district for want of sympathetic and real workers". Is that the only cause?—Yes, otherwise the movement is a very nice one.

1904. *Kanwar Motilal*: In what language is the *hundi* generally written?—In Marwari and Gujrati.

1905. Can a cultivator pay off his debt within the course of three or four months?—No.

1906. In reply to Question No. 52 you say "that no banks or bankers advance money on goods imported or exported". What do you mean?—I mean to say that no cash is advanced on the security of the imported goods, but that in return goods, in the form of cotton, etc., for the piecegoods, etc., imported, are sent.

1907. How can advances be made on the imported goods?—By presentation of the railway receipt.

1908. Can a loan be raised on presentation of the railway receipt for piecegoods imported from England?—Yes.

1909. *Seth Fithaldas Rathi*: What rate of interest do you propose when you suggest that the mortgage banks should charge from 7 to 9 *takkas* to the agriculturists?—I suggest the rate of 10 per cent.

1910. What difficulties are experienced by the agriculturists and businessmen if they take currency notes for the goods sold?—Sometimes forged notes change hands, and moreover when an agriculturist wants to change them into cash, he has to pay some commission. Again, sometimes a ten rupee note is given by mistake for a five rupee note.

1911. What remedy do you suggest to remove these difficulties?—For purposes of remittance *hundis* should be used and for other transactions cash should change hands.

1912. You say that there are only 2 per cent. pure money-lenders?—There are hardly 1 or 2 per cent. who live on money-lending only.

1913. Do you think that a village moneylender cannot live on pure money-lending?—I don't think he can entirely depend on money-lending alone.

(The witness withdrew.)

L. CHUNI LAL GUPTA, Honorary Secretary, Ajmer Central Co-operative Bank, Limited, Ajmer.

Replies to the Questionnaire.

1914. 1.—No particular information is available as regards an accurate estimate about the indebtedness of a village, tehsil, or this district. But it is suggested that the information may be had from (1) co-operative societies and (2) *mahajans* known as *bohra*s, who are the only two financing bodies in this district.

1915. Figures about indebtedness to the co-operative societies can be made available from the Registrar's office, while that to *mahajans* can be ascertained by appointing a committee of officials and non-officials to take a financial census of the district.

1916. However, as far as my knowledge goes, I find that almost every villager in this district is indebted either to a co-operative society or to a *mahajan*. A rough idea which I have formed of the average indebtedness of a villager is about Rs. 500. The majority of the loans are against the security of land.

1917. In order to check borrowing for wasteful and unproductive purposes and to encourage borrowing for productive purposes I suggest the following :—

(1) Stores may be attached to each control co-operative bank to advance loans to its affiliated societies in kind according to the requirements of its members. Such stores may also purchase their produce at market rates.

(2) Effective propaganda should be made to discourage social evils such as expensive marriages *masars*, etc.

(3) Necessary law should be made to limit the registration of mortgages only for the loans advanced by the *mahajans* for productive purposes.

1918. Most of the loans are due to *mahajans*.

1919. 2. Co operative societies generally charge simple interest at 12 per cent. to their members. Mortgage banks which advance loans for long terms to its members charge interest at the rate of 10 per cent. per annum simple interest.

1920. A *mahajan* generally charges interest at rates varying from 12 to 24 per cent. The interest is compounded every year or every six months. Moreover he charges *kata* at 6½ per cent. at the time of advancing loans, i.e., he actually pays Rs. 93/12/- for Rs. 100 borrowed by a cultivator. A *mahajan* who advances loans against landed properties recovers them by taking charge of the whole of the cultivator's produce and by making him his permanent tenant (*asami*). He credits the value of the produce so received in his *khat*a. A *mahajan* who advances loans against other securities generally recovers them through the civil courts by attachment of moveable properties, etc.

1921. 12. There is hardly any cultivator in this district who owns 100 acres of land or more than this. So they cannot be divided into three classes.

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1922. Co-operative societies generally advance loans to their members as and when they require. For expenses during cultivation when a villager borrows from *mahajans* he is generally advanced in kind which he has to repay by *sauwabadhi*, i.e., 50 seers of grain for 10 seers. This loan is limited for one harvest only. When he borrows for permanent improvements he either takes loans by mortgaging* his lands or by simply executing a *khata*. The rates of interest charged for such loans is given in reply to question No. 2.

1923. Government generally advances *takari* loans only, which are repaid by instalments, interest being charged at 6 per cent. Imperial Bank in this district does not advance loans to cultivators. There is no joint stock bank in this district.

1924. 18. The capital available in the co-operative banks of the district is adequate as far as we gather, because these banks are often complaining about the investment of their surplus funds.

1925. 25. Yes, they need money for long terms for redemption of their lands and sinking of wells etc. As I have already stated in my reply to Question No. 12 there can be no classification of the cultivators in this district as no body owns more than 100 acres of land.

1926. 28. The average price of land in this district is as below :

		Rs.		Rs.
<i>Chahi</i>	.. about	250 per acre—	average yield per acre— per year	125
<i>Talabi</i>	.. ..	200 per acre—	ditto	75
<i>Abi</i>	.. ..	125 per acre—	ditto	60
<i>Barani</i>	.. ..	50 per acre—	ditto	20

1927. Land is not generally transferred by private negotiations as the Land Alienation Act restricts such sales. When the land is auctioned by the Government (which is rarely done) for non-payment of revenue it hardly fetches half the value stated above.

1928. 31. There are mortgage banks in this district which are financed by the Ajmer Central Co-operative Bank at the rate of 6 per cent. per annum. They advance loans for long terms.

1929. 41. The co-operative credit societies in this District are merely money lending societies.

1930. 42. There is no joint stock bank in this district. The Imperial Bank of India allows overdraft at bank rate to the Ajmer Central Co-operative Bank, Ltd., Ajmer, in current account to the extent of 95 per cent. of the market value of the securities pledged. The Treasurer of the Ajmer Central Co-operative Bank, an indigenous banker, has allowed it a cash credit of Rs. 50,000 on which he charges interest at 6 per cent. The surplus money of the bank is deposited with him on which he pays interest at 3 per cent. on balances above Rs. 5,000.

*Lands are generally mortgaged on *Baraskatty* system, i.e., a lease of land for 20 years.

1931. 43. The following are the hindrances in the way of the success of the co-operative movement in this district:—

- (1) Utter illiteracy of the cultivators.
- (2) Ignorance of the modern methods of cultivation and implements.
- (3) Almost three-fourths of the land being *barani* in this district
- (4) Uncertainty of rains and failure of crops.

1932. The above defects can be removed (1) by opening of adult schools by Government in each village, (2) by starting of model farms by the Government to which boarding houses for the cultivators of the surrounding villages should be attached and arrangements made for their primary education and agricultural education and (3) by purchasing machines for sinking wells by the Government and sinking wells at cheap rates in every village.

1933. The Board of Directors of the Ajmer Central Co-operative Bank, Ltd., Ajmer, can be moved to take items nos. (2) and (3) in hand provided the Government allows the following facilities:—

- (1) Free lands for model farms.
- (2) Loans for purchasing machines for sinking wells free of interest.
- (3) Exemption of revenue for model farms is granted.
- (4) Lands of the heavily indebted cultivators who cannot repay should be transferred to the bank with the sanction of the Collector.

1934. 44. The co-operative banks have got ample funds in this district for financing the co-operative societies but further loans cannot be advanced to them as their members are already heavily indebted.

1935. 45. If the lands of agriculturists are totally redeemed and they are made free from the clutches of the *mahajans* it is estimated that about 20 lacs of rupees extra will be required by the mortgage banks of the district.

1936. 46. No. There is no competition as there is no joint stock bank. The Imperial Bank does not undertake this work.

1937. 47. The Government should grant the following further concessions:—

- (1) Exemption from income-tax of interest on Government securities.
- (2) Powers of execution of awards should be given to the Registrar, Co-operative Societies, Ajmer.
- (3) Co-operative banks should be allowed to do exchange business and sufficient facilities allowed for remittance of monies from one place to another, i.e., free use of remittance transfer receipts allowed through the Government Treasury.
- (4) Co-operative rules and Act should be amended for granting loans to petty traders and industry holders individually.
- (5) Debentures issued by the provincial banks or by the apex banks of districts be included in the list of trustee securities.

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- (6) Government should make arrangements with the Imperial Bank to allow interest at 3 per cent. to the co-operative banks on current accounts and to allow cash credits to them at 5 per cent per annum.

1938. 50. There is only one co-operative store in Ajmer and it is financed by the Ajmer Central Co-operative Bank, Ltd., Ajmer. This bank can finance other such institutions and industrial concerns but there is need of propaganda for organising co-operative societies of small traders and industrialists.

1939. 51. Either the Co-operative Societies Act should be amended to grant facility to the banks for advancing loans to small traders and industrialists individually or definite steps for organising societies of such persons made by the Government.

1940. Stores for the supply of seeds and implements should be opened and dairy farming and housing societies should be encouraged.

1941. The cultivators of the district are unable to get good prices for their small produce owing to their ignorance of the market rates and dependence on their creditors, the *mahajans*, who purchase their produce at cheap rates. Government should therefore open warehouses for storing their products and selling them at market rates.

Oral evidence.

1942. *Chairman*: Are you whole time or Honorary Secretary of the Ajmer Central Bank?—I am an Honorary Secretary.

1943. What is your other appointment?—I am Head Clerk in the Audit Department of the B. B. and C. I. Railway.

1944. How long have you been the Secretary of this Bank?—For about 8 or 9 years.

1945. When was this bank formed?—In 1910.

1946. Then you have got 19 years experience?—Yes.

1947. It is purely a co-operative Bank?—Yes.

1948. It finances agricultural societies?—Agricultural and urban.

1949. No exchange business is done by this bank?—No.

1950. Is it working satisfactorily?—Very satisfactorily.

1951. Is it supplying all the needs of the agriculturists?—Yes.

1952. *Seth Vithaldas Rathi*: Can you properly conduct the business of the bank without Government supervision?—No, because it is difficult to get honorary workers.

1953. *Chairman*: How many members are there on the working committee?—Four agriculturists and eight citizens.

1954. Do they attend meetings regularly and take sufficient interest in the work of the bank?—Three or four of the urban members take very great interest.

1955. And the agriculturists?—They attend the meetings but they do not give opinions, because they are illiterate.

1956. *Seth Vithaldas Rathi*: You have got a large sum of money. Why don't you utilize it profitably?—We are working in accordance with the maximum credit limit.

1957. If you can't advance more than the maximum credit limit, then naturally the agriculturists would go to the *mahajans*!—We have adequately met their demands, and there is no need to make further advances.

1958. Do you think it would be profitable to work on the lines of the model farm?—I differ from you. I think the people should first be educated. Without education these people cannot make any progress.

1959. Do you know that in 1925-26 efforts were made to draw out water by means of machinery in Beawar and that about Rs. 25,000 were spent over this work but that it did not prove as successful as was expected?—I don't know.

1960. Will any store house prove a profitable concern?—Certainly. The co-operative societies should start store houses for themselves. It would not entail any great expenditure, and this expenditure should be borne by the Government.

1961. How will the Government meet this expenditure?—The expenses will be high, but the income will also increase.

1962. If cotton be stored at Ajmer and then exported to Beawar, will it prove profitable or not?—It would entail very little expense and there is no likelihood of a loss.

1963. Who would purchase the cotton?—Government should store the cotton. Now agriculturists sell to their agents. If Government store the cotton, they can sell direct to the mill-owners.

1964. Should the 500 cultivators store their cotton separately at Ajmer or collectively?—They should store it collectively. Separate numbers should be given to the quantity brought in by each cultivator and stored in one place; otherwise it won't prove a profitable concern.

1965. *Prof. Chablani*: I first take your answers to the special questionnaire. In granting loans to agricultural societies you state that you take action on the recommendation of the co-operative Inspectors within the maximum credit limit fixed for each society. In the determination of the maximum credit limit you have no share nor is your approval required?—No.

1966. In granting loans you have no discretion, or can you exercise your discretion in refusing or accepting the recommendations of the Co-operative Inspectors?—We have no discretion.

1967. In the matter of recoveries you state that the recoveries are made by the Inspectors and their staff. Have you any control over the Inspectors or their staff?—No.

1968. Have you any means of putting any pressure on the societies in the matter of recoveries except through the Inspector or the Registrar of Co-operative Societies?—We write only to the Registrar.

1969. But you have neither your own staff nor any other means open to you for recovering your own money?—We have got our supervisor for bad and liquidated societies.

1970. But that is only when a society is reported to be bad or liquidated; ordinarily you have no means of putting any pressure in the matter of recoveries?—No, except writing to the Registrar.

1971. You also state that so far as the calls for repayment at each crop are concerned, they are prepared by the Inspectors without any reference to you?—Yes.

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1972. You make the allegation that no regard is paid by these Inspectors to the promises made by the societies to the central bank at the time of their applications?—Yes.

1973. You state again in replying to Question No. 4 that your bank merely plays the part of a cashier?—Yes.

1974. I want to ask you in view of what you have told us just now whether the representatives of the rural societies on the directorate take an intelligent interest in the affairs of the bank?—No, because they are illiterate.

1976. Does the central bank really do anything, so far as governing is concerned, except to pay money?—It plays the part of a cashier.

1977. Is it all the control that the central bank exercises over the operations of rural societies?—Yes.

1978. In the matter of urban societies is your control greater?—Yes, we deal with them direct.

1979. Without reference to the Inspector or to the Registrar?—Yes.

1980. You have a voice in the determination of the *kistbandi* of the non-agricultural societies?—Yes.

1981. You have got also a voice in determining what amount of loan you should give?—Yes.

1982. That voice is not the voice of the representatives of the urban societies on the directorate?—Yes.

1983. In other words, you are governing non-agricultural societies without giving them any voice in the management of the central bank?—There are 8 directors who are urban and 4 who are agricultural.

1984. Then the position is this, that in the case of agricultural societies whose representatives are on the bank's directorate you have no control, and in the case of non-agricultural societies whose representatives do not sit as representatives you exercise control. So over urban societies you exercise more control than you exercise over the societies whose representatives are on the directorate. Is that the position?—Yes.

1985. There are several points in Questions Nos. 1 and 2 of our special questionnaire to which we have got no answers from you. For instance, you have not said anything about long or short term loans?—I have told you that in granting loans we have no means of knowing whether a loan is to be given or not.

1986. Even in determining the period for which the loan should be granted?—We cannot know.

1987. What proportion of the loans granted to rural credit societies during the last three years was recovered by instalments?—We cannot know.

1988. You at least know the amount that the Registrar or the Inspector asks for particular societies; you know at least the total number of instalments, etc.?—How can we know? We know nothing of these instalments.

1989. You have nothing to judge by?—No.

1990. Please state the amounts of outstanding loans of rural credit societies repayable in 1929, 1930, 1931, i.e., in 1928 and after 1928?—We cannot give this information.

1991. Do you mean to tell me that you don't know what your position will be after 5 years or so?—We simply advance money to the rural societies up to the maximum credit limit.

1992. There is nothing in the books of the bank to show what your position will be during the next two or three years?—We have got no such information in the bank.

1993. You don't know your position as to how much in the normal course of things you expect to get back every year?—There is nothing in our books to give this information.

1994. You also don't know the purpose for which the loans were granted?—We don't know.

1995. In submitting the recommendation that a loan should be granted for two or three years and be made repayable by so many instalments, are the reasons on which the recommendation is made stated?—No, only the loan application is sent.

1996. In answer to Question No. 3 you have given us the figures of demands and recoveries. By demand you mean the demand as fixed after each crop and not the demand in accordance with their promise in their application?—No; the demand fixed after the harvest.

1997. Could you possibly say by these figures as to what the demand would have been if it had been in accordance with the promise?—I cannot say.

1998. In the application there must have been a promise made?—All promises made in the applications are to make payment on demand.

1999. Do you ever demand immediate payment?—No.

2000. What is the object of these being made payable on demand?—The loan application is so worded that payment is to be made on demand.

2001. It may be worded like that, but does it enable you to demand the money when you want it?—We see the borrower's position. We have never had occasion to demand immediate payment. We grant a loan and expect repayment in three or four years; that is all. Money is always coming in and going out.

2002. How can you make your calculations unless at the time of granting the loan you know how much money will be actually locked up?—We do not know the number of instalments.

2003. So that in the absence of such information you cannot possibly lay down a programme for four or five years ahead?—We cannot lay down any programme. We have surplus money in our hands always. We have got about 50 per cent. as our fluid resources.

2004. If you had a regular programme, you could adjust your receipts and payments. In the absence of any such information, how can you know that so much is due to you on a given date so that you could for instance provide for the repayment of a deposit which matured on that date. You must have some such record?—If the depositors come we will pay them back their deposits.

2005. I put it to you that you owe some liability to your depositors. What provision do you make for discharging that liability? I believe that your one year deposits constitute more than $\frac{1}{3}$ rd of the total?—We have got all the deposits for one year.

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2006. Therefore towards your depositors you have a liability to discharge at the end of one year, but the liability of the societies to you is undefined. So you do not know whether, at a time of crisis, you can meet it out of the repayments made to you, you have to rely only upon your resources?—But we have got about 9 lakhs of deposits from outside.

2007. So far as your deposits are concerned, that is alright, but there is a liability on you, and for the discharge of that liability you cannot rely on so much money being repaid to you at the end of the year by the primary societies?—No. We have got quarterly programmes of our deposits.

2008. It means the something as for a year. It means that in January so much of the deposits are to be repaid, in February so much and so on. You have a liability and unless you adopt the system of terminating a deposit at a particular time the deposits may be repayable at any time of the year, while repayments by societies may not be in January, February, March, etc., etc.?—Repayments are made in May and in December and January.

2009. In the month of May then you expect certain repayments to be made, but you cannot say definitely how much will be actually paid. In the absence of anything to show what will be the amount of recovery in the month of May, you have to keep large fluid resources to meet the demand?—Practically we do not pay back our deposits. Our depositors never withdraw their deposits.

2010. I am not contemplating the time when there is fair weather; you must be prepared for the rainy season and the storm as well. You keep your resources fluid not because of the fair weather, but because there may be bad weather. If you know what will be due to you when the depositors' money has to be repaid, the necessity of keeping a larger amount than is necessary to meet your payments will be less, because you will then expect some money to come to you at the time. You should not in your calculations omit your incomings in deciding how much you should keep as your fluid resource. Is that correct?—Yes.

2011. In answer to Question No. 5 you give us the number and names of the societies liquidated. Are these the figures for the last five years?—Yes.

2012. Are these only urban societies?—Yes.

2013. My question was regarding rural societies?—There is no such information available in our bank.

2014. We come again to your reply to Question No. 6. You mean to say that the position of the bank has never been embarrassed by its connection with its urban societies?—Never.

2015. You have given us figures in your reply to Question No. 7 about the reserve fund. In how many years has this reserve fund been accumulated?—During the last 19 years.

2016. How much have you added to it every year?—About Rs. 5,000 or Rs. 6,000.

2017. What is its percentage to the total amount of your working capital?—Our working capital is 14 lacs of rupees.

2018. I am talking of the annual addition. Is the annual addition Rs. 5,000 or Rs. 6,000 on the annual working capital (which is 14 lakhs today)?—Rs. 5,000 annually for 19 years.

2019. But there is a working capital of 14 lacs. From the earnings of your business you contribute every year Rs. 5,000. So the addition to the reserve fund is Rs. 5,000 upon a working capital of 14 lacs. What percentage does it make?—20 per cent.

2020. On 14 lakhs how does it make 20 per cent? It makes less than 4 per cent.?—Yes

2021. This is so in spite of the fact that there is a good margin between the rate you pay to your depositors and the rate which you charge to the primary societies a margin between 5 per cent and 7 per cent?—We receive at 5 per cent. and give at 8 per cent. or 3 per cent.

2022. In spite of this margin between the borrowing rate on the one hand and the lending rate on the other, and in spite of the 3 lakhs being your own capital, the only addition to the reserve works out to 5/14 per cent.?—Yes.

2023. Have you been declaring any high dividends?—Not more than 10 per cent. Formerly we were declaring 12 per cent. Since the last three years we have been declaring 10 per cent.

2024. You have lost money in the case of certain societies which had been liquidated. You have lost the interest?—No. We cannot say what the position is, because first we collect the principal from the liquidated societies and then the interest. The societies which were finally liquidated were only 2 or 3.

2025. Have you not been compelled to lower down your rate of interest from 6 per cent. to 3 per cent. in the case of some societies?—Yes, for bad societies.

2026. I want to know how much you have actually lost on this account?—Rs. 1,28,000 was the principal on which we reduced the interest from 9 per cent. to 6 per cent.

2027. Formerly in calculating your dividend at 12 per cent. you assumed that the rate of interest would be 9 per cent., so that the dividends for future years will be less on account of this miscalculation?—No. That was paid in that year.

2028. You had overpaid that?—How overpaid? We are now giving dividends out of realised profits.

2029. Formerly you paid on the expected profits?—We have recovered it from interest. We are not losing.

2030. So long as repayment continues your dividend will necessarily have to be lower?—No, because we declare dividends at 3 per cent to 4 per cent.

2031. Take the case of a year say 1919. You declared a dividend, say at 12 per cent. or 9 per cent. assuming that the profit would be so much?—Not assumed. The figures showed it.

2032. Figures showed it on the basis of 9 per cent.?—Yes.

2033. That amount of Rs. 1,28,000 is still locked up on which you are now getting not 9 per cent. but 6 per cent. so that in calculating your profits you are to assume 6 per cent. and not 9 per cent.?—Yes.

2034. Necessarily therefore your dividend will be lower?—Yes, to some extent.

2035. In answer to question No. 8 regarding figures of current account, fixed deposits, etc., you have not distinguished between the amount deposited with you out of the actual savings of the members of societies

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and the amount kept with you as a running balance out of the loans granted by the central bank to its affiliated societies. Kindly tell us the exact nature of your current deposits!—I think it is both.

2036. You cannot tell us the proportion of each!—No, I cannot say.

2037. You say, "an amount of Rs. 73,000 was lying in the fixed deposit account on the 30th June 1929 of certain non-agricultural societies in this bank". I want to know the amount of fixed deposits of the agricultural societies!—As far as I remember we have not got any fixed deposits of agricultural societies.

2038. Under question 8 (b) you have shown Rs. 92,000 as lying in current accounts. Do these belong to individuals or societies!—They all belong to individuals.

2039. The first is individuals' current account, the second is individuals' fixed deposit. Could you tell me whether Rs. 92,000 represent the real deposits of individuals with you, or this is part of the loan money advanced by you!—These are real deposits.

2040. Given from their savings!—Yes.

2041. In spite of your deposits being for one year, you have been lending money to the mortgage societies for long periods!—It is only a small amount, about Rs. 25,000.

2042. Could you extend this business so long as your deposits are one-year deposits!—No.

2043. In reply to question 10 you say, "for normal requirements a cash credit of Rs. 50,000 has been arranged". What does the word normal mean? Do you mean every year this is so!—Yes. This year the cash credit has been drawn upon.

2044. So then, it is real cash credit with an indigenous banker!—Seth Tikamchandji is our treasurer and so we have been given power to overdraw on our account.

2045. In reply to question No. 12 you say, "Government securities are generally purchased out of the surplus amount", and at the end of your note you give us figures. You tell us that nearly 6 lakhs out of 11 lakhs of borrowed capital with you are invested in Government securities!—Yes.

2046. How do you justify 6 lakhs of rupees out of a total of 14 lakhs being invested in Government securities? It means you have no use for all this money!—That is so.

2047. It means also that from a co-operative point of view you are taking advantage of the depositors' confidence in your bank. You get from Government a little higher rate of interest than what you pay to the depositors, otherwise it will not pay you to do this!—No. People have confidence in us.

2048. You take advantage of their confidence to make a profit!—They have not taken back their money.

2049. You are not utilising the money for financing the movement, i.e., the primary societies. You are doing it for a little profit for yourself!—Yes. It is business.

2050. It is not the principle of co-operation to derive such a benefit from others when you cannot use the money for financing your societies!—How will the co-operative movement go on!

2051. If the depositors co-operatively combine, they won't permit you to exploit them!—No. They cannot.

2052. If the depositors combine and put in Government securities they would reap the benefit and not you?—But in this way business will not go on. The bank will not be in the position in which it is at present. If the bank does not command confidence money will not go to it.

2053. What I want to know is why can't you extend your business in financing agriculture instead of investing it in Government securities?—This is not our duty, because the whole movement is under the Registrar.

2054. Why do you raise in the market more capital than you need for your movement?—For three years we did not take a single pie. When Mr. Strickland visited us, he advised that deposits should be raised even at a high rate, if necessary.

2055. It is not necessary for you to raise so much money by deposits when you have no use for the funds?—Deposits are coming in.

2056. You could discourage them by charging less interest?—We have discouraged it. But if we give less than a per cent. we fear it will be detrimental to our business.

2057. When that position is reached, you can again raise the rate of interest on deposits?—We have discouraged it so far. We have now restricted the maximum of individual deposits to 15,000. In this way we returned about Rs. 1,07,000. On the other hand we have to take care that our bank does not lose the confidence it commands.

2058. You have given us some information about the current rates of interest. Have you any personal experience of the rates of interest charged by *mahajans*?—I have heard about them.

2059. You have no specific cases in mind in which so much rate was charged?—No.

2060. What is the longest period for which mortgage banks advance loans?—I do not know.

2061. You say, "machines for sinking wells be purchased by the Government, and wells at cheap rates be sunk in every village". Is there any co-operative society for the purpose of purchasing these machines?—I am not aware of it.

2062. Is there any scope for it?—I do not know.

You say, "loans for purchasing machines for sinking wells should be advanced to the bank free of interest". How should the Government finance this? Government themselves will have to pay interest on the money?—Yes, they will have to pay.

2063. The Government will have to raise a loan and pay interest?—It is better if they raise the loan.

2064. You say, "lands of heavily indebted cultivators who cannot repay should be transferred to the bank with the sanction of the Collector". It means the Land Alienation Act must go far as the central bank is concerned?—Yes.

2065. You expect that the security will be so great that you will be able to lend at a cheaper rate?—Yes, if the security is sufficient.

2066. In reply to question No. 44 you say, "the co-operative banks have got ample funds in this district for financing the co-operative societies but further loans cannot be advanced to them as their members are already heavily indebted". That means there is no real room for

L. Chuni Lal Gupta.

extending legitimate credit facilities to primary societies?—They are indebted to the full extent of the maximum credit limit.

2067. So far as the society's debt is concerned is there some further open debt of the *mahajans*?—Yes.

2068. Even when the maximum credit limit is not exceeded, the outside debt may grow up to such an extent as to reach the *kaisyat* limit?—I do not know.

2069. But if you are already advancing to the extent of the maximum credit limit you cannot advance any more sums?—Unless the maximum credit limit is increased by the Registrar.

2070. And the maximum credit limit cannot be increased by the Registrar as a matter of course. It must be based on the earning capacity of the man and the total debt he has to discharge?—Yes that is true.

2071. You have made a suggestion in your reply to question 46 that the Co-operative Act should be amended so as to admit of loans being granted to petty traders and persons carrying on small industries. Is there anything to prohibit you from doing so to-day?—No.

2072. Traders can combine to form co-operative societies. What exactly do you mean by your suggestion? Do you mean to say that loans should be given to individual traders?—Yes, to encourage industry.

2073. Don't you think that the encouragement of trade is also one of your legitimate functions?—They don't do it. In my 19 years' experience they have not done it. There was a co-operative selling society but it failed.

2074. Why do you want the co-operative Act to be amended, when co-operative societies can be formed for traders and for persons engaged in industries?—Yes, they can be formed.

2075. You want also the concession that the Imperial Bank should give you more money on current account. On what basis do you justify that? Will they demand guarantee from the Government?—We want that they should keep current accounts for us and pay interest as they pay to the indigenous bankers. We have always kept Rs. 10,000 to Rs. 50,000 with the Imperial Bank.

2076. Rs. 40,000 or Rs. 50,000 out of a working capital of 14 lakhs is not a large sum. Why do you want any concession from the Imperial Bank?—Because it is more reliable.

2077. Do you feel that the indigenous banker with whom you bank is not as reliable?—No. We are satisfied with our present arrangement.

2078. Are the cultivators ignorant of the market price in these days of railway communications? Have you ever questioned them?—Yes. The produce goes to the *mahajan* who gives them his own rate. They do not know what the *bazaar* rate is.

2079. Do they not go to the *mandis*?—There is only the *Beawar mandi*. There is also a cotton *mandi* at *Kekri* but small agriculturists do not go to *mandis*. It is only the *mahajans* who go.

2080. Where the produce in small quantities is to be collected, what collecting agency would you suggest in place of the *bania*, particularly in this Province where the holdings are so small?—This can be done easily through the co-operative societies.

2081. The produce has to be stored against all sorts of dangers. It requires a *chowkidar*, and transporting arrangements are to be made for moving the produce from one place to another. When the quantity is

small there is bound to be much trouble. Can you find a cheaper agency for doing this work than the *bania*?—There are co-operative societies to-day. That is all I can suggest. There is a storage house at Ajmer. There is no standing expenditure.

2082. You will have to keep a *chowkidar*, provide transporting arrangements, etc. Does not that entail expenditure?—This expenditure should be borne by the Government.

2083. In other words what you mean is that the whole work of collecting produce should be transferred to the co-operative society and Government should stand the cost?—Yes.

2084. And the Government should meet the expenditure out of additional taxation?—No, the tenants will cultivate more land and Government will get more revenue, out of which this expenditure can be met. Of course this will take a long time.

2085. You expect it will take a long time because the rainfall is scanty?—Yes, nothing can be said at present. It depends on results.

2086. *L. Bal Kishen*: Mr. Chuni Lal, Do you receive a demand statement or *kistbandi* on each crop from each society?—Yes.

2087. And you consider it in your Board meeting?—No. It lies with the Manager.

2088. Are you forbidden to increase or decrease it?—I do not know of any orders on this subject.

2089. Is it in the power of the Board to refuse loans within the maximum credit limit if it considers it unsafe to advance them?—This is a question which we are considering now.

2090. There is no order of the Registrar to the effect that you should not decrease it?—There is no such order but we have never done it.

2091. Are these *kistbandis* prepared in the villages by the members themselves?—I do not know.

2092. All your loans to the societies are on demand?—Yes.

2093. No instalments for repayment are fixed when a loan is given?—No.

2094. Since the starting of your bank you have been declaring dividends at the maximum rate and after paying it some part of the profits remains to be carried on to different reserves?—Yes.

2095. Your bank allows cash credits to certain societies and whatever amount is fixed as cash credit to the societies you do not show as an advance and take it to the current account, but advance the money when they ask for it and then debit the amount to the society?—Yes.

2096. *Seth Vithaldas Rathi*: Is there any grain market in Ajmer?—Yes.

2097. Does the *bania* credit the market rate to the agriculturist or does he give him less?—I have no knowledge of these matters.

2098. Is there any sale and supply union here?—Yes, there is one in Beawar.

2099. How much of goods is sold through this union? Do the *mahajans* take goods in large quantities or not?—I do not know.

(The witness withdrew.)

L. Chuni Lal Gupta.

Oral evidence of grain dealers of Ajmer.

2100. The following grain dealers, whose statements are recorded in the subsequent paragraphs, were present:—

- Messrs. Naraindas Lokchand,
 „ Badridas Modhumal,
 „ Mangilal Balmokand,
 „ Shivrarnin Sri Krishan,
 „ Phul Chand Chhital Mal

2102. The total amount of grain imported here is 4,00,000 maunds annually. A small quantity say about 40,000 maunds is received from the surrounding villages. The major portion is imported mostly from the Punjab and the United Provinces. It is received from the following *hundis*:—

Bhatinda, Muktesar, Phagwara, Jullundur, Kot Kapura, Okara, Lyallpur, Gurdaspur, and Gojra.

2103. Mostly wheat and gram is imported. Cotton is not received from outside. *Dal* is imported from Cawnpore and Agra. We work as commission agents of the sellers of the *mandis* mentioned above. Australian wheat was imported here *via* Karachi. We sell to the retail dealers half on credit and half on cash.

2104. Only dealers within a radius of two or three *kos* come to purchase here; others go to Nasirabad, Kekri or Beawar. We sell on credit for 15 or 20 days, but the general rule is for 15 days. On cash payments 4 *as.* per cent. discount is allowed, and 15 days' credit is given at par. If the period is extended beyond 15 days, we sometimes charge interest at the rate of about 6 per cent. *per annum*, according to our relations with the parties. Hardly 2 per cent. purchase on cash. Generally the transactions are all on credit. The dealers from villages also purchase on credit at the same rates. To recover money from the village dealers we have generally to send our man. A few of them come and make their payments here. We make no difference in our rates in either case. As soon as the grain arrives from the Punjab, the railway receipt is given to us, and we remit the money to the extent of 75 per cent. of the price. Punjab dealers get their money by *hundis* generally through the Imperial Bank and sometimes through the indigenous *shroffs* here, but the number of *hundis* through the indigenous *shroffs* here is declining owing to the competition of the Imperial bank. When grain comes from Malwa, we have to remit money mostly by notes through the Post Office. When goods come from Malwa, the greater part of the amount due to the Malwa merchants is remitted by means of notes through postal insured covers. Their men also come here and receive either notes or rupees, but the proportion remitted through the Post Office is greater. So far as our dealings with *purab* are concerned, money is remitted mostly by *hundis*. We remit money by purchasing *hundis* from *shroffs* on Calcutta and other places. The retail dealers do not get any credit either from the banks or from the *shroffs*. They repay almost daily out of the proceeds of sales. We remit 75 per cent. to 90 per cent. of the price to dealers outside mostly on receiving the railway receipt. The goods arrive later. Considerable time elapses between the date the goods arrive here and the actual sale of the goods to the retail dealers, sometimes even 4 months. The actual time of selling depends largely upon the instructions received from the principal merchant outside on whose

behalf we sell goods. We charge 10 as. per cent. per mensem on the money advanced by us. We charge commission for selling at the rate of 14 as. per cent. per mensem.

2105. We neither take money from the bank nor does the bank lend us money. As the bank insists on the goods being kept in its own godown, it does not pay us to take any advance from the bank against the security of the goods. There are other difficulties in dealing with the Imperial Bank. In the first place we cannot sell the whole lot at once. We have to sell in instalments and it is difficult to deal with the Imperial Bank for every instalment before we are allowed to take the goods from the Imperial Bank's godown. Thirdly, the dealer who buys from us will not make a bargain on seeing merely the samples; he must see the *baris*. We do our business largely with our own money to the extent of almost 12 as. in the rupee. The capital needed for the remaining 4 as. we get either from the local money-lenders or *sahukars* or by drawing a *hundi* on their branch or office at Bombay, just as it suits us or, just as is the practice of each party. Some have more connection with the local indigenous Banker; others with the Bombay *kothi*. We draw only *darshani hundis* on our Bombay indigenous banker and sell it in the market, and when we have our own funds, we purchase *hundis* and send them to the indigenous banker maintaining during the interval a current account with our indigenous banker on which interest is calculated on daily balances. The greater part of the dealings in grain takes place in the months of June and July after the *rabi* crop. In our dealings with the indigenous banker we pay interest at rates varying from 7 as. per cent. to 10 as. per cent. This rate of interest is uniform for each party who deals with the indigenous banker. In the case of the Imperial Bank the rate varies during the busy season and the slack season, sometimes even in different months.

2106. When the crop in the surrounding areas is abundant, cultivators come here in appreciable numbers to sell directly to the retail dealers here or through *artias* like ourselves without the intervention of the village money-lender; but when the crop is poor, this does not happen. We cannot say anything about what happens in the villages, but we know this much that generally there is no one system of selling; partly the cultivators bring to the *mandis* themselves, and partly they sell it to the village *bania* who stores the produce in the village or brings it to the *mandi* just as it suits his convenience. The agents of the grain-dealers also sometimes go to the villages to buy on the spot. The retail dealers do not deal with only one commission agent, but with different people on different occasions, as it suits them.

2107. We have never thought of forming any bank for ourselves whether on the co-operative system or otherwise, because the business in grain is not sufficient to make it a profitable concern.

(The witnesses withdrew.)

The Committee then adjourned till 12 Noon on Friday, the 16th December 1929, at Beawar.

Friday, the 13th December 1929.

BEAWAR.

PRESENT :

Khan Bahadur Diwan ABDUL HAMID, C.I.E., O.B.E. (*Chairman*).
 Professor H. L. CHAKLANI, M.A. | Rai Sahib Kanwar MOTI LAL.
 Lala BAL KISHEN. | Seth VITHALDAS RATHI (*Co-opted member*).

Mr. V. S. MARBALLI (*Secretary*).

Certain merchants and land-holders of Beawar.

Oral Evidence.

2108. The following petition was presented to the Committee:—

"We the undersigned merchants and land-holders of Beawar most respectfully beg to submit that we wish to be examined as witnesses before the Banking Committee and put before them our views as regards the affairs of the agriculturists. We hope you would be good enough to take this petition into your consideration.

We beg, etc.,

Sd. DURGA PRASHAD,
 (for Sewa Ram, Hansraj and
 twelve others").

2109. The following out of the signatories to the above petition were present:—

Mr. Durga Prashad.
 „ Sewa Ram.
 „ Desu Lal.
 „ Jethu Mal.
 „ Behari Lal Rawat.
 „ Moti Lal.
 „ Polu Ram.

2110. Durga Prashad replied to the questions in the subsequent paragraphs on behalf of himself and the others present.

2111. *Chairman*: You have made this application?—Yes.

2112. All the signatories are present here?—No. Only six are present. (*Witness gave the names of the six persons mentioned above*).

2113. What have you got to say?—The first cause of the deterioration of the state of the agriculturists is that the limitation period has been reduced to three years; it should be six years. Secondly, the court fees on the suits brought against the agriculturists by the money-lenders should be reduced to half, because ultimately this burden falls on the agriculturists. Thirdly, land revenue should be reduced because on account of the frequent failure of rains the quantity of produce has decreased to a great extent. Fourthly, some legal measures should be adopted to reduce wasteful expenses amongst the agriculturists, and fifthly, before advancing any money, the co-operative bank should first make sure of the financial condition of the applicant. The enquiry

should be made through the tehsil authorities regarding the applicant's previous debts and whether he would be able to pay off the loan or not.

2114. The decrease in the court fees would cause a loss to Government?—If you really want to improve the condition of the agriculturist this fact should not be taken into consideration.

2115. *Prof. Chablani*: At what rate of interest do you advance loans to agriculturists?—We advance at 12 per cent. to good agriculturists.

2116. Can you show us from your account books any such entries?—Yes. (An entry of 19th *Chet* S. 1974 (7th April 1917) from the account book of L. Polu Ram from folio No. 118, was shown, which showed that the loan was advanced to one Lakha son of Mira of village Makrera, at the rate of 12 per cent. per annum. The suit was instituted on 1st August 1918. A consent decree was obtained at the end of November 1918. Interest was awarded at the rate of 12 per cent. per annum up to the date of institution of the suit, but no interest was awarded from the date of the decree. Only costs in the suit amounting to Rs. 30 were however awarded.)

2117. Questioned further by *Prof. Chablani*, the witnesses made the statements contained in the subsequent paragraphs.

The articles imported in Beawar are *gur* and rice. The articles exported from the place are wheat, wool, and grain. We are commission agents. We receive raw cotton from Mewar, Marwar and Magra Cotton is received by road from places within a distance of 86 miles and by rail from about 150 miles. Four lakh maunds of raw cotton and 10,000 maunds of ginned cotton are imported in this part of the country. About 1 lakh maunds of ginned cotton are prepared here and about 70,000 maunds are exported. (The Octroi Superintendent Beawar stated that nearly 80,000 maunds of cotton were received from places in Ajmer-Merwara.)

2118. The proportion of cotton brought to this *mandi* by *zamindars* and by the *mahajans* from different parts is roughly as follows:—

	Brought by <i>mahajans</i> .	Brought by <i>zamindars</i> .
Todgarh side	0 12 0 in a rupee.	0 4 0 in a rupee.
Beawar Tehsil	0 4 0 do.	0 12 0 do.
Pisangan side	0 10 0 do.	0 6 0 do.
Masuda, Shamgarh . . .	0 2 0 do.	0 14 0 do.
Sundra and Chang side . .	..	0 16 0 do.

2119. Amongst these the largest quantity comes from Pisangan side; next comes Todgarh. The cotton from Pisangan is $1\frac{1}{2}$ times that from Todgarh. On the whole the proportion of cotton brought by *zamindars* to the market is -/10/- in a rupee, the remaining -/6/- being sent to us for sale by *mahajans*. Generally the nearer the place is to Beawar, the greater is the proportion of the produce sold directly by the *zamindars* through the agents in the market. The nearer the place is, the greater is the quantity brought by the *zamindars* in their own bullock carts. We pay cash to the sellers in full. More is paid in rupees than in notes, as the *zamindars* take mostly coins. Out of about 400 *zamindar* clients on whose behalf the commission agents here sell cotton in the market about 100 are such as already owe us some money on account of various kinds of dealings. In fact those who want to work as their commission agents have generally to keep Rs. 5,000 to Rs. 6,000 outstanding with them if they wish to continue as their commission agents.

Durga Prashad and others.

2120. Those agriculturists who have received advances from us do not necessarily come to us to sell their cotton through us. They can go to any commission agent they like. Big wholesale merchants on their own account send goods to Bombay at their own expense. If the goods are sold, we advance 75 per cent. of the price to the sellers on the security of their goods. We get financial help not from the banks but from the local indigenous bankers and also from the indigenous bankers of Bombay, Ajmer and Merwara.

2121. At this stage, the members of the Committee asked the witnesses if they would allow them to see some of the entries in their account books. They all expressed their willingness to do so. The Extra Assistant Commissioner Beawar was thereupon requested to open a page at random from Lala Durga Prasad's account books and read out one of the entries therein. An entry dated the 27th June 1929 showed that an amount of Rs. 130 had been advanced in kind to one Rajan Lal, son of Ramdas, at the rate of 12 per cent. per annum, 6 years previously. Nothing had been received in payment of the loans and balances had been struck at intervals, the amount shown as due on 27th June 1929 being the balance struck for the third time. A suit had been filed and the court had decreed that the claim should be paid in 14 instalments but had allowed no interest from the date of the decree.

2122. An entry in L. Sewaram's account book showed that he had filed a suit for his dues with interest amounting to Rs. 216 against Sewai, son of Mewa, the agreed rate of interest being 1/9/- per cent. per mensem. The case ended in a consent decree for the full amount, but no interest was to be paid from the date of the decree and no costs were awarded. The entry in the account book relating to the consent decree read as follows:—"bail lina ek sath rupiya men" (received a bullock for Rs. 60), the balance of Rs. 156 was to be paid by half-yearly instalments of Rs. 20 at each harvest. On failing to pay two consecutive instalments, the whole of the amount then outstanding would be repayable at 12 per cent. interest per annum by agreement of the parties. The decree which was shown to the Committee was dated the 11th September 1919.

2123. In another case L. Sevaram Hansraj had obtained a decree for Rs. 1,835/11/9 with interest against * * *. The suit was decreed on the 14th January 1922 with costs, the whole amount to be payable at once. On the day the decree was obtained the judgment debtor went to the creditor, who out of sympathy for him, gave his consent to the decree being modified as follows:—Amount to be paid by instalments of Rs. 165 per harvest without any interest from the date of the decree, and on failing to pay any one instalment, interest of 1/- per cent. per mensem to be charged on the unpaid instalment. The man had been paying since but Rs. 513/8/9 were still due on 13th September 1929, the last date of the entries.

2124. In the account books of L. Sevaram Hansraj there were several entries showing that interest had been charged at rates between -7/9 per cent. to -12/- per cent. per mensem. There was however, one entry of a loan of Rs. 34/- carrying interest at 2/- per cent. per mensem.

2126. Seth Vithaldas Rathji: Have you got only one set of account books or separate sets?—We have got only one set of account books.

2127. Have you got dealings with such men as are members of the co-operative bank?—Yes.

2128. Are the agriculturists satisfied with their dealings with the *mahajan* or do they prefer the co-operative bank?—Originally the outstanding debt due to the bank amounted to 3 lakhs. Now it has increased to 6 lakhs. The bank can get the agriculturists' land sold, but the *mahajan* neither purchase the land nor can they get it sold. Instead of improving the condition of the agriculturists the co-operative bank has worsened it. We can quote many instances.

(The witnesses withdrew.)

About twenty agriculturists of Beawar.

Oral Evidence.

2129. Hire, *zamindar*, stated as follows:—

Only six of us are not members of the co-operative bank; the others are. I grow cotton. I am a resident of Chhokra Ghatta. There has not been good cotton crop for the last ten years. Last year I brought 10 to 12 maunds to the market and sold it through the Union. They charge -/8/- on account of commission half-yearly, and the other expenses amount to only -/2/- or -/3/-. We have to pay only -/8/- commission half-yearly whether the goods sold are worth Rs. 5/- or Rs. 100/-. The Union sells the goods in the *bazar* and takes the profits themselves. After selling the goods the Union pays the price to us. The commission agent in the *bazar* would charge Rs. 3/- besides *chunka*. The *bania* charges much more than the Union. The Union people sell the goods to the big merchants. We have to pay only -/-/6 on account of cartage. We have to pay a uniform rate for weighing charges. We pay -/8/- to the Union being members of the bank, while the *bania* charges Re. 1/-.

2130. Patel, agriculturist stated as follows:—

I sold 23 maunds of cotton and paid commission at the rate of Re. 1/- per cent. One lot was sold at the rate of Rs. 9/8/- per maund and the other lot was sold at the rate of Rs. 8/8/- per maund. I owe Rs. 600 to the *mahajan*. I live at a distance of 9 *kos*. I can go to any commission agent for selling my produce; no one can prohibit me from doing so. It is only because I have faith in my commission agent that I go to him. My dealings with this *mahajan* extend over 40 years. The name of this *mahajan* is * * *. The day on which I sold my cotton, a large quantity of cotton belonging to other persons was also sold in the *bazar* at the same rates. I pay interest at the rate of Re. 1/4/- per cent. per mensem. I am paying this rate of interest for the last 15 years. My father also used to pay this rate of interest whenever he borrowed money.

2131. Mehdu, agriculturist stated as follows:—

My father used to pay interest to the *mahajan* at the rate of Re. 1/- per cent. per mensem I pay at the rate of Re. 1/4/- per cent. per mensem. I pay this rate if interest on account of the money market being tight. I owe a debt of Rs. 800 or Rs. 900. I have sold about 20 *bighas* of land to my brothers. I had to sell the land because the co-operative bank pressed

Agriculturists of Beawar.

me to repay my debt. At first I borrowed Rs. 100 from the bank for buying bullock. Then in order to perform the funeral ceremonies of my wife I borrowed another Rs. 100. I liquidated this debt, and again borrowed Rs. 140 for my second marriage. I could not pay this debt. This sum of Rs. 140/- with the addition of interest amounted to Rs. 200. I sold 20 *bighas* of land for Rs. 1,000. I paid Rs. 400/- to * * *mahajan*. He had stood surety for me in respect of a debt. Rs. 175/- were paid to the bank, and Rs. 300/- were paid to the Subedar of my village from whom also I had borrowed money. Now I pay interest at the rate of Re. 1/4/- per cent. per mensem because I have become very weak financially. I had to sell my land on account of pressure being brought to bear upon me both by the bank and the sureties in the bank.

2132. Anna, agriculturist stated as follows :—

Three years ago I became a member of the bank. At that time I owed Rs. 1,000 to four different persons. It was unsecured debt. I paid interest to the *zamindar* at the rate of Re. 1/8/- per cent. and Re. 1/- per cent. per mensem to the *bania*. I wanted to purchase land and hence became a member of the bank and borrowed Rs. 427/12/8 from the bank. This item stood against the name of the man whose land I purchased; and I got this sum transferred to my name. Now I owe Rs. 330/- to the bank and Rs. 1,200 to the *mahajans*. Ever since my becoming a member of the bank I have never borrowed from the *mahajan* I pay interest at the rate of Re. 1/- per cent. per mensem to the bank and also pay interest to the *bania* at the same rate. Neither the bank nor the *mahajan* would advance loan to the extent of Rs. 1,000.

(The witnesses withdrew).

The Committee adjourned till 10-30 A.M. on Saturday, the 14th December 1929, at Ajmer.

Saturday, the 14th December 1929.

AJMER.

PRESENT :

Khan Bahadur Diwan ABDUL HAMID, C.I.E., O.B.E. (Chairman).

Professor H. L. CHABLANI, M.A.

Lala BAL KISHEN.

Raj Sahib Kanwar MOTI LAL.

Seth VITHALDAS RATHI (Co-opted member.)

Mr. V. S. MARBALLI (Secretary).

**Rai Bahadur Seth Tikamchand Soni, Indigenous Banker,
Asep Chowk, Ajmer.**

Replies to the Questionnaire

A.—AGRICULTURE INDEBTEDNESS.

2133. 2. The rate of interest varies from 12 to 24 per cent. per annum. In cases where grain *badi* is paid the rate of interest exceeds 24 per cent. The interest is added in some cases every year and in some cases after two or three years when the debtors come to settle accounts but in the case of interest in kind, it is calculated half-yearly. Enforcement (*i.e.*, taking possession of cattle, land, grain, standing crops, etc.) is resorted to as far as possible when settlement by mutual agreement cannot be made. Civil court is approached as a last resort.

2134. 7. It is not customary for money-lenders to extract personal service or any other form of labour in lieu of interest on loans from borrowers.

2135. 10. The enactment of legislation for publication of accounts does not seem desirable as no one would want to disclose his accounts publicly.

2136. 11. There are no village arbitration boards or village *panchayats* in this district for the purpose of settlement of disputes between the money-lenders and the agriculturists.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

2137. 12. The cultivators obtain finances by borrowing from:—

(a) Co-operative banks.

(b) Money-lenders.

(c) Indigenous bankers.

(d) Government, in case of failure of monsoon.

C.—FINANCE FOR MARKETING.

2138. 17. The marketing centres for the various crops are as under:

For cotton and *cumin* seeds:—Kekri, Beawar, Nasirabad and Pisangan.

For grain:—Ajmer, Kekri, Beawar, Deoli, and Nasirabad.

Seth Tikamchand Soni.

2139. 18. It is more or less customary for the agriculturists to bring the produce to marketing centres unless there is a direct stipulation with the money-lenders or *sahukars* to sell the goods to him or through him.

2140. Grain is sold off immediately in the market. Cotton and wool is sent to Bombay for export to Liverpool. Cotton is purchased by the mill owners at Beawar for local consumption.

2141. The expenses incurred are, commission 0-12-0, for cash payment 0-1-0, and *dharmada*, etc., 0-2-0. Coolies are usually paid in kind which works out at about 5 annas per cent. *ad valorem*.

2143. 19. The agriculturist stores his produce at his own house previous to taking it to the market and when he wants to sell it, it is brought to the shop of the commission agent where it is sold on the very day or the day following. Credit can be obtained on the security of grain provided it is kept in the custody of commission agents or money-lenders.

2144. 20. The produce is sold at the market rate on the very day it is brought to the market and there seems to be no necessity for warehouse.

2145. 22. Railway receipts when attached to *kundis* are usually endorsed over to the purchaser of the *kundi* who becomes the holder of the goods in due course.

2146. 23. There appears no possibility of forming pools but if co-operative credit sale societies are established, it is considered that they will prove useful to a great extent in transporting and marketing the produce.

2147. 24. The reduction or the abolition of the stamp duty on *usance* bills would certainly increase this class of bills.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

2148. 31. There are no mortgage banks in this district but the establishment of one on co-operative basis would be useful to a great extent.

2149. 33. The land mortgage bank should lend money at the rate of Rs. 9/ per cent. with the direct stipulation that the money with interest should be paid on each harvest. There ought to be one surety who in the event of the non-payment of the instalment should be held responsible for the same.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

2150. 38. Rope making, hand ginning and weaving, leather tanning and *gur* making are the principal small subsidiary industries allied to agriculture. These industries are suffering from lack of capital.

2151. 40. Development of manufacturing industries with the raw produce of the district can supplement the income of a farmer and raise his standard of living.

G.—NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

2152. 43. The rate of interest varies from Rs. 6/- per cent. to Rs. 12/- per cent. per annum. There are the Imperial Bank, the Central Co-operative Bank and indigenous rich bankers in Ajmer City for giving facilities to the public.

Q153. 49. In addition to textile mills and factories the following local industries also exist:—

- (a) *Kasida* machine work.
- (b) Dyeing and callico printing.
- (c) Iron manufacturing.
- (d) Tobacco and snuff manufacturing.
- (e) *Biri* making.
- (f) Lace manufacturing.
- (g) Brass work.
- (h) Trunk manufacturing.

Their financial requirements are met by the owners as far as possible.

I.—INDIGENOUS BANKERS AND MONEY-LENDERS.

2155. 52. A village money-lender usually advances money to the agriculturists before the produce is being brought to the *mandi*. Big *shroffs* or commission agents either purchase usance or demand clean or documentary *hundis* and export the goods to another place. Such *hundis* are rediscounted by the Imperial Bank also. Similarly at the importing centres also *hundis*, etc., are purchased by big *shroffs* and sent for realization through the Imperial Bank.

2156. 55. The *mahajans* generally carry on the business of banking and money-lending. The other communities are also seen engaged in this branch of business but to a small extent.

2157. 56. The functions of the indigenous banker or the money-lender are as under:—

- Receiving of deposits (fixed and current).
- Advancing money against ornaments.
- Advancing money against produce.
- Advancing money against wool (against railway receipt).
- Advancing money against personal security.
- Advancing money against landed property.

2158. The bankers or money-lenders not only advance money to the people but carry on other trades. Speculative business is also transacted by them and besides they get rent from their landed property. There are only few whose livelihood exists purely in money-lending. In rural area, most of the *mahajans* live mostly on investment made by their forefathers. They themselves advance small amounts to keep up the old investment and to recover the old debts.

2159. 57. The money-lenders assist the cultivators by advancing loans in cash or in kind at the time of harvest.

2160. They do not invest money in bank deposits, etc., to any appreciable extent.

2161. 58. Banking is more or less regarded as a side business and no capital is set apart for such purpose.

(c) The maximum amount of expenditure that the money-lender will require for such banking business would amount to Rs. 2,000 per year.

(d) Relations are cordial.

Seth Tikamchand Soni.

(e) Facilities afforded by the Imperial Bank to indigenous bankers are as under :—

Discounting of usance bills or demand *hundies*, opening of cash credits, exchange of coins and notes and *vice versa*, fixed loans and advance on Government securities.

2162. 59. Demand and usance *hundis*, promissory notes, *chalu khata* and fixed loans.

2163. 60. Fixed loans (interest recovered in advance), opening cash credit on personal security (interest calculated on daily balances), advance on ornaments, simple stamp *khata* (interest calculated yearly).

2164. On mortgage of property and land (regular documents executed and registered).

2165. 61. Funds are provided by drawings on *artias*, accommodation through the Imperial or other banks, big *shroffs* and commission agents against goods sent for sale. Village money-lenders usually receive deposits and lend money to agriculturist and middle class people at very high rates of interest.

2167. 62. Rate of interest varies from three to six per cent. *sahukari* rate of interest is six per cent. In the cotton season, rate remains steady at six per cent.

2168. 63. The rates of interest which the agricultural community has to pay is in money or in kind and varies from 10 to 37 per cent. These rates could be brought down by better organisation of co-operative societies. The reduction in rates would confer great benefit on agricultural community and increase its resources thus leading to improvement in the standard of living and enabling them to introduce agricultural improvements, better agricultural implements, etc.

2169. 64. There is no prejudice against indigenous bankers and the dealings are said to be satisfactory.

2170. 65. It is impossible to form an idea of the net return to indigenous bankers after making allowance for the legal expenses, etc., in view of the fact that no separate capital is set apart for banking business. None appears to have failed since 1920. The banking business is declining to a great extent.

2171. 66. The insufficiency of the working capital often compels indigenous bankers to refuse demands for accommodation made on them.

2172. 67. *Hundis*, cheques, supply bills, remittance in notes, bank drafts and telegraphic transfers are available to the public for internal remittances. Supply bills have facilitated remittance to a great extent and it is anticipated that this would show still better progress if the rate of exchange on large sums is reduced and the cutting of coins other than counterfeits is abolished.

2173. 68. At the time of harvest, money flows from urban centres to rural centres. There are few occasions for money to flow from rural to urban. The *hundis* emanating from the district are discounted locally in season and sent to provincial centres during the off season. The abolition of stamp duties on usance bills would certainly increase trade bills.

2174. 69. There is no large amount of money in the hands of indigenous bankers.

2175. 70. Selling and purchasing rates are as under :

In season :—Varying from Rs. 99/12 to par.

Off season :—Varying from par to Rs. 100/4.

2176. 71. The bankers are sufficiently protected in law.

2177. 72. *Shroffs* of first class credit should be registered as bankers. They should be asked legally to maintain proper accounts. The cheques on current account with such bankers should be encouraged and as far as possible arrangement should be made with the Imperial Bank of India for cheques upto a certain amount being accepted at par, and for facilities of accommodation on personal securities, rediscounting of bills purchased by them, and concessions in rate of sale and purchase of demand draft. The power to verify signatures similar to that of honorary magistrates should be given to them. The introduction of any measures for regulating the bankers' operation and giving publicity to the same will be looked upon by the merchants with disfavour.

2178. 75. The small bills which local bankers purchase should be rediscounted by the Imperial Bank or the Reserve Bank at concession rates.

2179. 77. The competition of such a bank would be avoided if it were to purchase their bills at concession rates.

2180. 78. The village banker should purchase small bills and resell to city *shroffs* who in turn should rediscount either with Imperial Bank or indigenous bankers or joint stock banks.

2181. 80. Cannot possibly arrive at an estimate of the actual capital saving.

2182. 81. About five crores. The tendency of hoarding is decreasing and it is not possible to arrive at an estimate of such hoarded wealth.

2183. 82. The habits of people are to invest as follows:—

- (i) Repayments of debts.
- (ii) Purchase of cloths, bullion, ornaments, etc.
- (iii) Purchase of land and cattle.
- (iv) Building houses.

2184. 83. Very few farmers have money to lend to fellow agriculturists at the rate of 12 per cent. to 15 per cent.

2185. 85. (3) Vernacular script would facilitate the use of cheques by merchants not knowing English and illiterate classes.

2186. 86. Banking and investment habits in India are of slow growth due to the following reasons:—

- (i) Want of money.
- (ii) Hoarding habits.
- (iii) Fancy for ornaments.
- (iv) Social customs.
- (v) Want of confidence.
- (vi) Want of surplus funds.
- (vii) Desire to keep money ready at call.

2187. 88. The postal certificates are popular in the city.

2188. 93. No benefit has accrued due to (1) strict rules, (2) want of facilities to merchants, (3) more formalities, (4) accommodation on personal security, (5) high rate of interest, (6) no consideration to indigenous bankers. Bank should pay interest on current account.

2189. 95. Beawar and Bijeynagar.

Seth Tikamchand Soni.

Oral Evidence.

2190. *Prof. Chabiani*: In answer to Question No. 2 you say that interest varies from 12 per cent. to 25 per cent., and again in reply to Question No. 63 you say that the interest which the agriculturist has to pay varies from 10 per cent. to 37 per cent. Have you had any money dealings with the cultivators?—No; I have no such dealings with cultivators. I have no personal knowledge about the rate of interest.

2191. Have you ever lent money to the agriculturist on interest?—No.

2192. Out of the stipulated rate of interest can the money-lenders recover as much as 1 per cent. or 2 per cent. per mensem?—No. They cannot recover more than say, 4 per cent. or 5 per cent. per annum. The average comes to about 5 per cent. per annum.

2193. In reply to Question No. 10 you say that the enactment of legislation for publication of accounts does not seem desirable as no one would want to disclose his accounts publicly. Are small village money-lenders in a position to keep regular accounts?—No.

2194. Is the village money-lender generally a small man or a big man?—He is a small man.

2195. In reply to Question No. 18 you say that it is more or less customary for the agriculturists to bring the produce to the marketing centres unless there is a direct stipulation with the money lenders or *sahukars* to sell the goods, through them. Do the agriculturists generally bring their produce to the market?—Yes; they generally sell their produce themselves.

2196. Is this stipulation common or is it in a few cases?—It is only in very few cases.

2197. In reply to Question 52 you say that a village money-lender usually advances money to the agriculturist before the produce is brought to the *mandi*. What exactly do you mean by this remark? Does he advance money before the produce is brought to the market on the understanding that the produce would be sold through him, or when the produce is brought to the market?—Money is advanced in both ways; sometimes the cultivator promises to sell the produce to the *sahukar* at a settled rate and takes the money in advance, or in the event of his feeling disinclined to go to the market when the produce is ready for sale, he sells the produce to the *mahajan*.

2198. So there are three ways of selling the produce. The first is that the cultivator takes the money before the crop is ready; in the second case he sells the produce to the *mahajan* if he himself does not want to go to the market, and in the third case he himself goes to the market and sells the produce. Which of these three ways is most resorted to by the cultivator?—He generally takes his produce to the market.

2199. When is the rate settled?—At the time of the bargain; in only a few cases it is otherwise.

2200. In reply to Question No. 19 you say that credit can be obtained on the security of grain provided it is kept in the custody of the commission agent or the money-lender. What percentage of the price does he then get as an advance?—He gets about 0-12-0 or 0-14-0 in a rupee.

2201. Is this practice common?—Grain is stored in very few cases, but cotton is generally stored in this way with the commission agents and advances are taken by the agriculturists on the security of this commodity.

2202. In reply to Question 33 you say that the land mortgage bank should lend money at the rate of 9 per cent., with the stipulation that the money with interest be paid each harvest. If it be made repayable at each harvest, then this loan would be a short term loan and not a long term loan, and the mortgage bank would not serve any useful purpose. Now the question is how to provide facilities for loans repayable in five or ten years. Should such a bank as could advance loans for long periods be started or not? Are you in favour of such a bank?—This question had better be put to the agriculturists.

2203. In reply to Question No. 48 you say that the rate of interest varies from 6 per cent. to 12 per cent. per annum. Can a poor man obtain loans at 6 per cent.?—This rate is generally charged to the business-man. A labourer can also get loans sometimes at 12 per cent. or 9 per cent., but generally the labourers obtain loans at the rate of 12 per cent. to 18 per cent. The lowest rate is 12 per cent. and the highest is 18 per cent. or even 24 per cent.

2204. What is the actual net return on capital at his stipulated rate of interest?—About 7, 8 or 9 per cent., or at the most 12 per cent. in some cases.

2205. In reply to Question No. 56 you have given us the functions of the indigenous banker. What rate of interest does he allow on deposits?—At the most 9 per cent. and the lowest 6 per cent.

2206. There may be some difference in the rate of interest allowed on current and fixed deposit?—On current account 3 per cent. or 4 per cent. is generally allowed and on fixed deposits from 5 per cent. to 7 per cent.

2207. What rate of interest is allowed by the big *shroffs*?—About 4 per cent. or 5 per cent.

2208. What rate of interest is charged on the loan advanced on ornaments?—From 4 per cent. to 6 per cent.

2209. What rate of interest is charged on loans advanced on the security of produce?—About 7 per cent.

2210. What rate of interest is charged on the loan advanced on the security of railway receipt for wool?—7 per cent.

2211. What interest is charged on personal security?—6 per cent. to 9 per cent.

2212. What interest is charged on the loan advanced on the security of landed property?—9 per cent.

2213. How old is your firm?—It is about 100 years old.

2214. Have you got any old account books?—Yes.

2215. Will you kindly let us know the rates of interest charged on loans advanced on the security of landed property, personal security, wool, produce and ornaments in old times? We want to know whether these rates have decreased or increased?—We shall look up our old account books and shall let you know.

2216. Could you tell us the rate of interest before the introduction of the Land Alienation Act?

(Kanwar Motilal and Seth Vithaldas Rathi promised to supply this information from their account books.)

2218. In reply to Question No. 58 you deal with the facilities afforded by the Imperial Bank, the first being the discounting of *hundis*. For how many months in a year is this business carried on here in Ajmer?—In Ajmer proper there is no discounting business at all.

Seth Tikamchand Soni.

2219. How do you fix the *hundi* rate?—The rate charged on *maiyadi hundi* differs with the stability of the firm.

2220. Do you raise your *hundi* rate if the Imperial Bank raises its rate?—We don't raise it, because we have no dealings with the Imperial Bank.

2221. Do the village money-lenders keep deposits with you?—A very small number do keep their deposits.

2222. Do the villagers obtain loans from the village money-lenders?—I don't know.

2223. In reply to Question No. 65 you say that the banking business is declining to a great extent. Does this remark relate to Ajmer proper or to rural areas?—This remark concerns Ajmer only.

2224. Has the *hundi* business increased or decreased as compared to old times?—I cannot say off hand.

2225. In what months of the year money goes out of Ajmer and in what months does it come into Ajmer?—It all depends upon the busy season.

2226. Supposing you have got a branch at Jaipur. What difference in the rate of interest at Jaipur would induce you to transfer money there?—After deducting railway expenses if we could save 0-1-0 or 0-0-6 per cent., we would remit the money.

2227. In reply to Question No. 72 you say that "*shroffs* of 1st class credit should be registered as bankers, and they should be asked legally to maintain proper accounts. . . . and they should be given the power to verify signatures similarly to honorary magistrates". You want all these facilities for the indigenous bankers, but you don't suggest any responsibilities that should devolve on them. In America the rule is that if a bank receives a deposit of 100 dollars he must keep at least 25 dollars in reserve fund, so that in time of crisis the bank may be able to pay its depositors. If some such responsibility be attached to their position as recognised indigenous bankers, would they accept it?—Those who accept deposits, have to keep reserve fund, but there should be no such obligations by statute.

2228. If these facilities are given to the indigenous bankers, what facilities will they give to the public at large? I shall think over the question and then reply.

2229. Government has granted certain privileges to the Imperial Bank and Government money is lying with the bank free of interest but they had asked the bank to open 100 branches within a prescribed time. Similarly if the concessions asked for by you be granted to the indigenous bankers, they may be asked to open some branches in certain specified villages in the Ajmer-Merwara Province irrespective of the fact whether the branches prove profitable or otherwise, would you agree to such terms?—We shall look to our own interests. If it is a profitable concern, we will take it up, otherwise not.

2230. If 5 of the branches are making profit and three losing, will you take up the business in case the facilities you have asked for are given to you?—In case the facilities asked for are given to us, we shall accept the terms of the Government.

2231. At present Government has not got sub-treasuries in villages. Assuming that the facilities asked for by you are granted to the *shroffs*, would they agree to work as Government treasurers?—If the concessions asked for are granted, the *shroffs* would agree to work as treasurers to Government.

I have heard that you work as treasurer of one of the railway companies?—Yes, I have done such business.

2232. If Government entrusts this duty to you, will you be able to carry it on?—Yes.

2233. In reply to Question No. 69 you say that 'there is no large amount of money in the hands of indigenous bankers'. Probably you did not understand the question. The question was whether they had any amount which did not find employment during the whole year?—My answer to Question No. 69 means that there is no large amount in the hands of indigenous bankers which does not find employment.

2234. In reply to Question No. 81 you give the estimate as 5 crores. Is it correct?—That is only my guess work.

2235. Can we get exact information on this point?—It is very difficult to get this information.

2236. In answer to Question No. 93 you have made certain complaints against the Imperial Bank. What facilities do you want for the merchants?—I have not thought over this matter, but I can say that the Imperial Bank does not observe the indigenous bankers' rules. For instance, the indigenous bankers take money due on *hundis* from our houses, while in the case of Imperial Bank we have to take the money to their premises.

2237. Is it derogatory to the *shroffs* or does it involve any loss to them?—It is derogatory in the first place, and secondly, when money is taken to the bank, they mutilate the spurious coin and sometimes good silver coin as well. I shall send you other details regarding this after due consideration.

2238. *Kamwar Motilal*: What is the rate of interest charged on the *hundi*?—*Margadi* at 5 per cent.

2239. Is it widely circulated here?—It has been discontinued now.

2240. Why?—On account of increase in stamp duty.

2241. Since the opening of a branch of the Imperial Bank here has the demand draft business increased or decreased?—It has decreased.

2242. Why?—On account of the adverse effects of the bank's rate.

2243. How should the Imperial Bank fix its rate?—After studying the market condition it should fix its rate.

2244. Does the Imperial Bank make any distinction between the indigenous banker and the general public in the matter of rate?—No; it has a fixed rate, and hence the business men go direct to the bank.

2245. *Seth Vithaldas Rathi*: Does the Imperial Bank allow any interest on current account?—No.

2246. In reply to Question No. 57 you say that the money-lenders do not invest money in bank deposits, etc., to any appreciable extent. Why?—They don't get the prevailing rate of interest.

2247. Is there any man who lives purely on money-lending?—No; because money-lending now does not bring in sufficient income to make both ends meet.

2248. In reply to Question No. 12 you say that the cultivators obtain finances from Government in case of failure of crops and of monsoon. Do they get *takari* or loans in any other form as well?—They get only *takari*.

Seth Tikamchand Soni.

2249. In reply to Question No. 11 you say that there are no village arbitration boards or village *panchayats* in this District. Would they prove, if constituted, more useful than the courts?—*Panchayats* should be formed.

2250. *Kanwar Motilal*: In reply to Question No. 72 you say that *shroffs* of first class credit should be registered. Don't you approve of the old system?—I like the old system.

2251. Has the rate of interest increased or decreased as compared to old times?—It has increased.

(The witness withdrew.)

The Committee then adjourned till 10-30 A.M. on Tuesday the 18th February 1930, at New Delhi.

INTERVIEWS.

Ajmer, the 12th December 1929.

Information supplied by Seth Suraj Karan, Banker, Ajmer, in an interview with Professor H. L. Chablaini.

2252. The 11 names* read out to me are the only real indigenous bankers in this province, though there are other money-lenders of considerable financial standing in the mofussil who do not do any banking business. Among these three A,† B† and C† do banking business of all kinds, namely, receiving deposits, doing remittance work, selling and purchasing *hundis* in the bazaar and lending money either their own or raised by means of deposits and sale of *hundis*, etc. B's firm, however, generally, avoids receiving deposits or taking part in any speculation, as these are the instructions of his father. The deposits with this firm are largely those of personal friends whom the head of the firm wishes to oblige by accepting their deposits. C's firm has more deposits but this firm too does not freely accept public deposits. A, however, has extensive deposits in many of his branches.

2253. D† generally invests his own funds, but if he at any time sells a *hundi*, the other bankers are quite prepared to accept it because of his standing. This particular firm is a banking family of long standing but the present head of the firm generally restricts himself to the investment of his own personal capital. He is also a dealer in opium.

2254. E† generally deals neither in *hundis* nor receives deposits; the business of this firm is confined to lending its own capital on the security of ornaments, but if at any time it needs money it can raise it in the market by selling *hundis*.

2255. F† was a firm of very high standing at the time of the father of the present head. But now-a-days it does not enjoy the same reputation. I cannot say whether this firm has any considerable deposits as it is a Marwari firm, but this much I can say that in the market they can and do raise some money by means of *hundis* even now.

2256. G† is mainly a money-lender. He lends on the security of either house property or ornaments. He does not generally deal in *hundis*, nor does he take any deposits from the public as far as I know.

2257. H† is one of the brothers of a banking family which a few years ago had considerable banking business not only here but also in the Punjab. But at present, two of the three brothers have less business, while the third can still raise some money by the sale of *hundis* in the market, and also receives deposits.

2258. I† is both a banker and a cotton merchant and has extensive dealings in *hundis*.

2259. J† is both a banker and an industrialist* and invests his money both in banking and in industries. Much of his capital is either his own or raised in the market by sale of *hundis*. He also receives deposits.

2260. K† can and does sometimes sell *hundis* in the market but does not do much business now because he is content to invest his own capital which is about Rs. 4,00,000.

2261. In the bazaar all these people taken together are considered to be worth about 3 crores, of which two individuals are considered to be

*Not printed.

† Indigenous banking firms whose names have been omitted at the request of the witness.

worth each a crore but in my opinion out of this total of 3 crores, only about one crore is really available for banking business. On the basis of this one crore of their own capital their working capital, banking as well as trade, becomes, with the addition of deposits and the money raised on *hundis*, about 2½ crores.

2262. A has got his branches at Ajmer, Jaipur, Jodhpur, Udaipur, Mewar, Kotah, Sheopura, Karauli, Bharatpur, Dholpur, Neemuch, Mandsaur, Gwalior, Bhanner in Ajmer *ilaga*, Calcutta and Bombay. He is treasurer of the following States: Bharatpur, Dholpur, Karauli, and of the Jodhpur Residency.

2263. B has got branches at Ajmer, Jaipur, Jodhpur, Kotah, Alwar, Tonk, Calcutta, Bombay, Nawanagar, Beawar, Shalhpura, Sirsaj, Nimbaheera, Deoh and the Jodhpur Residency. He is the treasurer for Tonk, Kotah, Alwar States and the Jodhpur Residency. A is also the Treasurer and Disbursing Agent for salaries of the Broad Gauge, B. B. and C. I. Railway, while B is the Treasurer and Disbursing Agent for the salaries of the Metre Gauge. B is also in charge of the cash office of the B. B. and C. I. Railway metre gauge. The States have got their own treasuries and the treasurer only gets a salary for managing them, the money remaining in the custody of the State. The Treasurer lends money sometimes to the State at about 6 per cent. Neither of these two sources are really sources of appreciable profit. But owing to the position these bankers enjoy as Treasurers they get some facilities for recovery, and permission from the Ruler as well as the Political Agent to lend to *raias* and the State servants of the place. On such loans they get about 9 per cent. and can, under an agreement with the State, recover money from the salaries of the State servants, who borrow money on this express understanding. C is also a cotton merchant.

2264. A's firm is above 100 years' standing. B's firm is of about 140 years standing, C's about 100 years, D's about 30 or 40 years', E's about 80 years' F's about 60 years', G's about 50 years' H's about 100 years', J's about 60 years', and K's about 40 years'.

2265. Six money lenders who deal with agriculturists, are counted among *lakhpatas*. (Names of the 6 persons were furnished.)

2266. The 12 city *shroffs* about whom I have given the above details had formerly dealings with the village money lenders but these have now completely ceased. There were two main reasons for this: one is that since the great famine of 1899 there has been a scarcity year every 3 or 4 years and the city *shroffs* were unable to recover money from the village money-lenders who were affected by the calamities of the agriculturists. They managed, however, to recover a part by getting sales of land executed in their favour for some time. What little remained of their dealings with the village money lenders disappeared with the passing of the Land Alienation Act under which the agriculturists' land cannot be sold to a non-agriculturist except with the permission of the Collector. The firms of these 12 *shroffs* still continue to deal with the village money-lender and sometimes even with the *kashthkar* in places where these two causes do not operate, and consequently they have security for lending money either to the agriculturist directly or through the money-lenders. This is mostly in Indian States.

2267. Besides the branches in the places I have specified above, these firms draw *hundis* on the *artias* in other places also. For instance, the firm of B can and does draw *hundis* on their *artias* in Delhi, Amritsar, Dera Ismail Khan, Madras, Hyderabad (Deccan), Karachi, Bangalore, Bikaner and many other places. Formerly when the railway communications were not so good, the system of *artias* was far

more extensively spread and the bankers used to maintain *artias* at many more places.

2268. All the big indigenous bankers do not endorse *hundis* for the purpose of rediscounting them by the Imperial Bank. One of them has refused to open any account with the Imperial Bank, one of the reasons being that when a person has got a *hundi* on the Imperial Bank he has to go to the Imperial Bank to get payment while a first class *shroff* after accepting the *hundi* sends money of his own accord to the place of the person in whose favour the *hundi* is drawn. They keep *maiyadi hundis* which they discount up to the time when they mature. *Maiyadi hundis* have become much less common than before because of the increase in stamp duty. So far as Ajmer is concerned there are now practically no *maiyadi hundis*, all *hundis* dealt with in the market being *darshani*, but in Jaipur a few *hundis* are *maiyadi hundis* for about 45 days. In Calcutta also we deal in *maiyadi hundis* of about 60 days. All the three indigenous bankers consider it derogatory to avail themselves of any facilities offered by the Imperial Bank.

2269. They all continue to use the old forms of *hundis* and receipts. It is not common in Ajmer-Merwara to lend money on promissory notes. The *shroffs* lend money on the security of landed property at 8 annas to 10 annas per cent. per mensem, and in a few cases of grain dealers and of gold and silver dealers they lend on an account which runs from day to day, but the branches of these *shroffs* in Calcutta and Bombay lend money on promissory notes also.

2270. In my opinion more deposits are with the Imperial Bank than with the indigenous *shroffs* here. "A" has very extensive deposits in Jodhpur and Jaipur and also a little in Calcutta. As I have said before, most of the *shroffs* do not like to take deposits even at 3 per cent. The few who do pay interest on deposits give between 3 per cent. and 5½ per cent. For about 7 months the rate is generally below 6 annas per cent. and for 5 months below 4 annas per cent. The lending rate among the *sahukars* is 4½ annas per cent. for about 7 months and 6 annas per cent. for 5 months from November to April.

2271. The *shroffs* do not feel that if the business is secure and good they cannot meet the demands for accommodation. Of course they decline to do business with the village money lender or the agriculturist since the passing of the Land Alienation Act owing to the unacceptable nature of the security.

2272. The Imperial Bank's rates for remittances have considerably damaged their business in remittance as the Bank deals directly with the public on the same rates as it charges to the indigenous bankers.

2273. The banking business of this place is either with the important places in the Native States or with Bombay and Calcutta and to a small extent with Karachi. Money does not come at any time of the year from Calcutta or Bombay for employment in Ajmer-Merwara, but during the months of December to March money does flow from the branches of indigenous *shroffs* in Native States to Calcutta and Bombay for more profitable employment there, and in the month of April it returns back to the Native States when it is no longer required there. The three leading indigenous bankers of this place have got very little investments in Ajmer-Merwara. Their main business is in the Native States or in Calcutta or Bombay. Money does flow from one branch to another of these indigenous *shroffs* on a difference of 2 annas per cent. Their *hundi* rate varies generally between 4 annas per cent. in the months of June, July and August and September and about 6 annas per cent. in the busy season. In exceptional years it goes up

Seth Suraj Karan.

to 7½ annas per cent. but never beyond it. There is not much of this business in Ajmer-Merwara but the firms here do business in Calcutta or Bombay, but even there they never go beyond 7½ annas per cent. whatever the Imperial Bank rate may be, at least so far as their regular clients are concerned, as it is considered by good clients a humiliation to pay more than 7½ annas per cent. The rates in the money market of Calcutta and Bombay do not lead to a change in the rates here.

2274. So far as the rates of interest on loans are concerned, the rates charged to various parties by each indigenous *shroff* are more or less permanent. They do not change with the changes in the rates of interest in Calcutta or Bombay money market or even with the varying rates in the seasons, but if there be a difference of 2 annas per cent. in *kundi* business in the various centres, money would flow from one place to another.

Ajmer, the 13th December 1929.

Summary of an interview with bullion dealers and indigenous bankers of Ajmer.

PRESENT:

Prof. H. L. CHABLANI.
Lala BAL KISHEN.

Rai Sahib KANWAR MOTILAL
Seth VITHALDAS RATHI (*Co-opted member*).

Mr. V. S. MABBALLI (*Secretary*).

The statements contained in the subsequent paragraphs were made by the following bullion dealers and indigenous bankers:—

1. Ram Lal Lonia.
2. Seth Ajaib Pal.
3. Radha Kishen.

2275. Gold and silver is imported into this city entirely from Bombay. Very little of the gold imported here goes into the neighbouring Indian States. Gold is also imported directly from Bombay into Beawar, Nasirabad and Kekri. A few persons of the surrounding area do buy gold in retail from us also but no wholesale dealer of these places gets his gold from us. Last year gold imports into Ajmer amounted to 10,000 tolas and silver 18 lakhs of tolas. The rate of silver to-day is Rs. 52 per 100 tolas in Ajmer and of gold Rs. 21-11-0 per tola. There are very few retail dealers in gold and silver here. We deal in both wholesale and retail trade in silver and gold.

2276. About 10 annas of this is consumed in the city and the remaining 6 annas by the villagers. The imports into Ajmer are greater than into Beawar and Kekri, Ajmer being a larger city. There are 50 shops in Ajmer of gold and silver dealers. Last year in addition to the imports from Bombay about 500 tolas of gold per month on an average were sold out of the accumulations of people in previous years. In the best years, like 1920, the gold imports may rise to three times the gold imported last year in Ajmer. In 1920 and 1921 people indulged in speculation and in some months the sale of gold went up to even 10,000 tolas. Since 1924 there has been no speculation.

2277. In our opinion an ordinary cultivator working on his own land has got in the shape of ornaments on the person of his wife about 20 tolas of gold, and 5 to 10 tolas in the shape of ornaments on the person of his children. There is no distinction in this respect between an ordinary cultivator working on his own land and the ordinary tenant cultivator or even an agricultural labourer. The only mark of distinction of a well-to-do cultivator working on his own land is a small flowery ornament of gold weighing only about 1½ tolas. The blacksmith or carpenter in the villages are also in this respect just on the same level as an ordinary tenant cultivator. The wife and children of a small shopkeeper in a village have about 1½ times as much gold on their persons. The families of the labourer class in the cities, e.g., Ajmer, have about 60 tolas of silver, and about 5 to 7 tolas of gold. Generally the town labourer is in a better economic position than a village cultivator. In our opinion the middle class people have about 100 tolas of silver and about 15 to 20 tolas of gold and the upper classes, except a very few rich people, about 1½ times more. Generally among the merchant class and educated persons the use of gold and silver is decreasing; but among the labouring classes it is

Bullion dealers and bankers of Ajmer.

increasing. These various classes of people buy gold not as a form of investment but as a form of necessary expenditure according to their social customs. In our opinion money locked up in ornaments is not intended as an investment of the savings of the people. In fact people practise great economy in order to have a few ornaments as part of the necessary expenditure in social life. In my opinion some of the merchants go in for gold ornaments to a much greater extent than their position warrants because it is easy to declare insolvency, and the intending insolvents invest in ornaments for their family members a few months before declaring themselves insolvent with a view to escaping their creditors.

2278. These merchants expressed a desire to relate the difficulties in dealing with the Imperial Bank and stated their grievances as follows:—

"We have not only to go to the Imperial Bank when we have to receive money from the bank but also when the Imperial Bank has got a *hundi* on us, which is not the custom among the indigenous bankers. Secondly our rupees, if there is the slightest defect in them, are cut even though in the market they are considered quite good for circulation and actually circulate. Thirdly, when we have got a current account with the Imperial Bank, if we fail to send an immediate reply to their balance verification letter, which some of us do not sometimes understand, our accounts are transferred to Bombay with the result that when we go to ask for money we are told that the account has been transferred to Bombay and money will be paid only when it is re-transferred. Fourthly, the general behaviour of the bank officials, and their manner of dealing with the clients are like those of high officials, involving waiting and loss of respect. There are no decent waiting rooms and no chairs even for respectable persons who have to wait pretty long in order to complete their transactions. Moreover, we have no easy access to the Agent. Sometimes by the time the bank peon informs us that the railway receipt has come and we reach the office, we are told that the time is up, while in dealing with an indigenous banker we can get the railway receipt as soon as we go to him. We consider that the extension of the Imperial Bank has done great harm not only to the indigenous bankers but also to the public and the merchants here. Before the opening of the branch of the Imperial Bank in Ajmer money used to flow from the various centres in Rajputana, Jodhpur, Jaipur, with the slightest difference in the *hundi* rate on Bombay from these various centres. Now there is no inducement to the indigenous banker whatsoever to move funds from one place to another as the rate of the Imperial Bank's demand draft on Bombay is one and the same from all its branches. There were times in the busy season when we used to sell *hundis* on Bombay even below par, which used to benefit the merchants; but no indigenous banker can now afford to do so since he has no chance of making a profit in the other months when *hundi* used to be above par formerly. The Imperial Bank makes no difference in its charges for supply bills between the indigenous bankers and the public generally with the result that the public deal directly with the Bank without the indigenous banker acting as the intermediary. Even today, we can reach places where there is no branch of the Imperial Bank; but since we are deprived of our source of profit in big centres where the Imperial Bank branches have been opened, it does not pay us on the whole to extend our services in the matter of banking facilities in areas where no bank can be opened or has been opened so far".

Beawar, the 16th December 1929.

Summary of an interview with grain dealers of Beawar.

PRESENT :

Prof. H. L. CHABLANI.

L. BAL KISHEN.

Rai Sahib KANWAR MOTILAL.

Seth VITHALDAS RATHI (Co-opted member).

Mr. V. S. MARBALLI (*Secretary*).

290. L. Hazarimal Chandan Mal and L. Chatterbhuj Sukhraj, grain dealers, stated as follows:—

Normally, the grain that is sold in this *bazaar* comes mostly from the surrounding villages of this *ilaga*. Grain comes here from villages situated within a distance of 40 *kos*. Even in normal years a little comes from outside, i.e., from the Punjab and the United Provinces, but when the harvest here is poor, more comes from outside. The proportion of agriculturists and village traders who bring corn for sale to us is about half and half. Both the village traders and agriculturists receive cash from us. Sometimes wheat goes to Karachi and Bombay. We are not big grain dealers ourselves and often purchase from other big dealers.

Beawar, the 16th December 1925.

Summary of an interview with wool merchants of Beawar.

PRESENT:

Prof. H. L. CHARLANT.
L. BAL KISHEN.

Rai Sahib KANWAR MOTILAL.
Seth VITHALDAS RATHI (*Co-opted member*).

Mr. V. S. MARBALLI, (*Secretary.*)

The statements contained in the subsequent paragraphs were made by Mr. Hiralal of the firm of Rai Bahadur Seth Kundan Mal and Mr. Chattarbhuji Chhotelal.

2281. Wool is brought to this market from various places, from villages 4 or 5 *kos* distant, also from Marwar, Merwar, Jaipur State, Punjab, Gujrat, and also from the Bikaner State. Wool is taxed at the rate of 0-1-0 per maund by the Octroi Department, 25,000 bales of wool are brought here annually. Each bale weighs about 4 mds. 5 srs. when it is brought here. Clearing is done here and each bale of 4 mds. 5 seers. is reduced in quantity to 3 mds. 32 srs. The entire wool is again sent out from Beawar. The reason for wool trade being centred here is that the clearing done here is better than elsewhere. The best market in India is Fazilka in the Punjab; next comes Beawar.

2282. About 3,000 men, women and children are engaged on this wool clearing business in the city. About 1,000 bales of wool come here from the villages of this *ilaga*, 10,000 bales from Marwar, 5,000 bales from Bikaner, 2,000 bales from the Jaipur State, 2,000 bales from Merwar, about 5,000 bales from the Punjab and 2,000 bales from Gujrat. So far as the surrounding villages of this *ilaga* are concerned, we have to pay cash to the dealers. Our *artias* in the different wool centres outside this Province pay the sellers there by means of *hundis* on our agents at Bombay direct.

2283. Generally it takes from 15 days to one month to have the wool cleared and sent to Bombay, but ordinarily wool remains here for 2 to 4 months. It comes here only twice a year in particular months and for nearly an interval of 6 months no wool is imported at all. The prices generally go up during this intervening period, and since we have to find work for the whole year and get as good prices as we can, we (*i.e.*, 2 or 3 leading firms) have to hold up the wool here for 2 to 4 months.

2284. There are about 50 merchants doing this business of clearing wool and then exporting it to Liverpool *via* Bombay. Excepting three firms, most of the other merchants sell their stock of wool in about 15 days' time after it is received here. They all use their own money in this business and no advance is taken from the *shroffs* or banks. It is only when wool is exported to Liverpool from Bombay that we get money from the banks in Bombay. The three leading firms do not hold up the entire stock of the wool that has been cleared and is ready for sale for 2 or 3 months; but they regulate the work of clearing

in such a way that it is spread over the whole year. As soon as 100 bales are ready, they generally export it.

2285. I do not think that the expansion of the wool business here is restricted for want of banking facilities. No body seems, in our opinion, to be handicapped for want of capital. The real fact is that the business has become speculative. The rise and fall in prices are far too many within a short period, and some of the people who are actually engaged in this business are decreasing rather than increasing the volume of their business on that account. For instance, four months ago the market was rising very well; to-day it is declining. Four months ago the quality that was selling at 15*d.* a pound now sells only at 12*d.* a pound. It was after the war that the business in wool here increased in volume. In pre-war years only 10,000 bales used to be cleared. Since the last two years, the business is again declining. About 4 to 6 years ago many foreign firms, *e.g.*, Messrs. David Sassoon and Mitsui Bussan Kaisha, etc., had their agencies here. They used to advance money to people engaged in this business, but a number of these firms lost money and removed their agencies.

2286. Our Bombay agent pays on our behalf cash for *darshani hundis* drawn on us by our agents in the various places named above; but when wool is exported to Liverpool, he gets an advance from the banks in Bombay, and credits it to our current account with him. He charges us interest on the excess amount paid by him on account of *hundis* drawn on him by our agents, and pays us interest on any balance due to us. He is in fact our banker with whom we maintain a running account. We thus derive whatever financial help we get in our trade from this Bombay agent who is our banker and not from any joint stock bank or the Imperial Bank. We consider it more convenient to deal with this indigenous *shroff* than with any joint stock bank.

Additional statement of Mr. Chattarbhu Chhotelal.

2287. I am an *artia* for wool merchants. I sell wool here charging commission to merchants on whose behalf I sell. I pay them partly by cash, partly remit them money by currency notes and partly give them *hundis* on Bombay. People who send me wool from villages which are near enough, come and take their cash from me; those who are far away, get either other goods or *hundis*. I pay to merchants in places like Khajwana, etc., as per details given below:—

Name of place.	Name of persons to whom <i>hundi</i> is sent.
Khajwana	Seth Radhka Nand Premraj.
Khanta (Marwar)	„ Jasraj Puran Chand.
Pipar	„ Sardar Mal Chatarbhu.
Sujangarh	„ Jaggannath Ram Kumar (<i>Hundi</i> on Calcutta and Bombay both).
Ratangarh	„ Benjram Madaram.

About 5,000 maunds of wool are sold annually through me. I sell wool for cash. If I have to purchase a *hundi* on other places I purchase it with cash.

Wool merchants of Beawar.

Beawar, the 16th December 1929.

Summary of interview with certain persons at Beawar in respect of the working of the Popular Provident Banking Co., Ltd.

PRESENT :

Prof. H. L. CHABLANI.
L. BAL KISHEN.

Rai Sahib KANWAR MOTILAL.
Seth VITHALDAS RATHI (Co-opted member).

Mr. V. S. MARBALLI, Secretary.

2289. Basant Lal Mithanlal stated as follows:—

I am *naiib patwari*. I deposited Rs. 57 with this banking company on a promise that I shall get a loan of Rs. 500 after one month, and that after two months I shall be given another Rs. 500 at the rate of 1 per cent. per annum. The condition for repayment was Rs. 10 per month. Up to this time I have got neither the loan nor a refund of my money. I consulted the company's pleader here and he told me that I should wait for 19 or 20 days and he would either get me the loan or a refund of my money. Mr. Kanhaiya Lal Gargiya was the managing agent of this company. He appointed 3 or 4 sub-agents to enlist members for this company on a commission of 0-8-0 per application.

2290. Jairam Regar stated as follows:—

I applied for a loan of Rs. 1,000. I had to deposit an admission fee of Rs. 2 and a registration fee of Rs. 10, which are not returnable and Rs. 15 per month for the first three months. I have paid all this amount but have not got the loan as yet, though it was due for payment in September 1929.

2291. The following persons alleged that the company had cheated them in the same way:—

1. Dhanna Regar.
2. Kani Ram
3. Maha Ram (this man gave Rs. 104 *plus* Rs. 57 for a loan of Rs. 2,000).
4. Shivalal Regar.
5. Panna Regar (paid Rs. 31 for a loan of Rs. 500).
6. Ghija Regar (paid Rs. 57).
7. Padma Regar (paid Rs. 57).
8. Bhoru Regar (paid Rs. 57).
9. Kistur Regar (paid Rs. 57).
10. Mota Regar.
11. Ganga Ram, Regar.
12. Paras Ram.
13. Hema Regar.

14. Bholā Regar.
 15. Mst. Phepu.
 16. Kishna.
 17. Dula.
 18. Sagram.
 19. Mana.
 20. Hira
 21. Sarla (gave Rs. 60 for a loan of Rs. 1,000).
 22. Bhera (gave Rs. 42 for a loan of Rs. 1,000).
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Bewar, the 16th December 1929.

Summary of an interview with Gold and Silver merchants of Beawar.

PRESENT:

Prof. H. L. CHABLANI. |
L. BAL KISHEN.

Rai Sahib Kanwar MOTILAL
Seth VITHALDAS RATHI (*Co opted member*).

Mr. V. S. MARBALLI. (*Secretary.*)

2292. The statements contained in the subsequent paragraphs were made by Messrs. Hamir Mal Sukhraj and Haji Allah Rakha, gold and silver merchants.

2293. We import gold and silver directly from Bombay. In Beawar about 5 lacs worth of gold and silver is sold every year, of which about half is gold and half is silver. Between us two about $3\frac{1}{2}$ lacs of gold and silver is imported, the remaining $1\frac{1}{2}$ lacs worth of gold and silver is imported by others. Both the agriculturists and goldsmiths up to Todgarh, Masuda and Marwar come and buy from us. The quantity sold by us varies according to the conditions of the harvest. If the harvest is good, more gold and silver is sold; if the harvest is bad, less is sold. *Nambats* 1982-83, (1925-26), were years of good harvest and we sold about $1\frac{1}{2}$ times the usual quantity of gold and silver, that is, about $7\frac{1}{2}$ lacs worth of gold and silver. This year the sale is less, because the harvest is not good.

2294. Owing to wear and tear, silver ornaments lose their value by about $1/16$ th almost every year. Similarly through the same cause, gold ornaments depreciate by about $1/16$ th in 10 years.

2295. An ordinary cultivator working on his own field has about Rs. 100 worth of ornaments in his house; his wife wears *karas* worth about 25 tolas, a necklace about 25 tolas, a *choti* about 12 tolas, and a gold ornament for neck worth about Rs. 5 to Rs. 10. An ordinary tenant-cultivator has about Rs. 40 worth of gold and silver ornaments in his house. An agricultural labourer has got about Rs. 10 to Rs. 15 worth of ornaments. A village blacksmith or an artisan has got about Rs. 50 worth of ornaments. A village shopkeeper has got about Rs. 30 or Rs. 40 worth of ornaments. This is roughly the estimate of the value of ornaments in the families of various classes in an ordinary village in this *ilaga*.

2296. In the city more ornaments are worn. The mill worker is on the same level as a cultivator working on his own land; that is, he has about Rs. 100 worth of ornaments in his house. An unskilled labourer has got ornaments worth about Rs. 50 or Rs. 60. Small shopkeepers in the town own ornaments of the value of Rs. 300 or Rs. 400. In this city about 200 people have an income of above Rs. 5,000 annually. A middle class man earning about Rs. 1,000 a year must have got about Rs. 1,000 to Rs. 1,200 worth of ornaments in his house. The man earning between Rs. 1,000 and Rs. 2,000 a year in the town has got ornaments worth about Rs. 3,000. They have more gold than silver. Men earning between Rs. 2,000 and Rs. 5,000 do not have more ornaments than those whose incomes range between Rs. 1,000 and Rs. 2,000. Ornaments worth Rs. 3,000 are considered sufficient for a lady of this

class. This estimate does not include a few richer families with incomes above Rs. 5,000 a year. Some of them have got ornaments worth several lacs of rupees; we cannot make anything like an exact estimate about them.

2297. When *zamindars* come personally to purchase from us, we sell them gold and silver only on cash. But if any of them comes through an *artia*, the *artia* gets credit from us and very likely gives credit to him. As compared to Ajmer, the dealings here in gold and silver are more on a credit than on a cash basis. Those men who have got *khata*s with us, pay interest at the rate of 8 *takkas*, i.e., about 7½ per cent. per mensem. Those who have not got *khata*s with us, are given credit only for 4 to 7 days without any interest. The *artias* who buy gold and silver on behalf of the *zamindars* charge only their commission which varies between 0-12-0 per cent. to Re. 1 per cent. in addition to the interest they charge them for the period for which the amount due is not paid. This rate of commission is charged on the purchase of ornaments only. When bullion is taken, the rate of commission is less than this.

2298. We get gold from Bombay by rail. We remit money to Bombay either by *hundis* purchased from the local *seths* and *shroffs* or by a cheque given by a company of wool merchants on Bombay. We purchase generally *darshani hundis* on Bombay which are generally below par in the busy season, and above par in the slack season. We never remit money through Ajmer or the Imperial Bank there. Occasionally, rather rarely we purchase supply bills through the Beawar Treasury. In the slack season also, we would rather pay a little more to the indigenous bankers for a *hundi* on Bombay than buy supply bills from the treasury at the rate of 0-2-0 per cent. for amounts below Rs. 10,000, because we are afforded certain conveniences by the indigenous *shroff*. In the first place, the treasury closes at 4 p. m.; it pays up to 2 p. m. and accepts only up to 4 p. m., but the indigenous banker takes and gives money at any time, even at night. Secondly, even if sometimes we have got a few hundreds less, we can still go to the indigenous banker, get from him a *hundi* for the whole amount and pay back the remaining sum after two or three days.

Beawar, the 16th December 1929.

Summary of an interview with the debtors of Kabuli money-lenders of Beawar.

PRESENT :

Prof. H. L. CHABLANI.
L. BAL KISHEN.

Rai Sahib KANWAR MOTILAL.
Seth VITHALDAS RATHI (Co-opted
member).

Mr. V. S. MARBALLI (Secretary.)

2209. As promised during his oral examination, Pandit Naurang Rai Sharma submitted the statements of four persons who were indebted to Kabuli money-lenders. Of these, two were present at the time of the interview, namely, Sabdal Samvat Khan and Nanda of the Edwards Mill, Beawar. Their statements to Pandit Naurang Rai Sharma were read out to them and were admitted by them as correct. These statements are given below.

Sabdal Samvat Khan, Mohamedan, Ring-piecer, Edward Mill.

2300. I got a loan of Rs. 5 from Gul Rasul Pathan. The interest was settled at four annas per rupee per month. He deducted Rs. 1-4-0 for one month's interest in advance and 0-8-0 for *munshi*. My thumb impression was taken in a book but nothing was written in my presence. I paid Rs. 1-4-0 as interest in the next month, but in the second month I had no money so I could not pay anything. He beat me and then let me go. In the third month I paid Rs. 5 as principal and Rs. 2-8-0 as interest for two months. Re. 1-4-0 which was deducted in advance was taken into account. I had to go to him as I required money very badly. There are about 6 Pathans in the town. They come to the mills on the day of payment and sit outside the mills on the way. They all beat their debtors who fail to pay. Badshah Sumhar Khan, ring-piecer of the Mahn-Lakashmi Mill was beaten by Budhu Khan Pathan some 5 months ago. Again Jhanduwala of the Edward Mill was also beaten several times by those Pathans. Many other persons have also been beaten but I cannot name them.

Nanda, son of Laloo Bambhi, Ring-piecer, Edward Mills.

2301. Misru Khan Pathan lent me Rs. 13, six or seven months ago at the rate of three annas per rupee per month. A sum of Rs. 2-7-0 was deducted for one month's interest in advance. Money was to be returned after one month but I could not fulfil the promise as I had gone to Kishnagarh. Some ten days ago, I was going from the mills. He followed me and caught me near the gate. He asked me to pay Rs. 53 as principal and interest. I said that I was unable to do so. There was a quarrel between us for some time. He gave me two or three blows and then my friends arrived and threatened him. Settlement was made for Rs. 28, principal Rs. 13 and interest Rs. 13, and the amount was paid and I was rid of him.

2302. Bhana, Sabdal and other persons have been beaten by these Pathans of whom there are 5 or 6 in this town. These Pathans come on the pay-day and sit outside the mills with *lathis* in their hands. Motimal was beaten by a Pathan, probably a brother of Misri Khan,

3 or 4 times severely, so he had to leave this place. Jai-Singha Mucadum also has run away from here being afraid of these people. I affixed my thumb impression in his book when nothing was written in my presence. Haider Khan helped to settle my debt with the Pathan.

Dula Hala Rawat of Jhok, Ring-piecer, Edward Mill.

2303. I borrowed Rs. 10 from a Pathan. I do not know his name, but I produce a document which bears my thumb impression which was affixed by me at the time I got the above amount. But at that time nothing was written on it. Interest was settled at 0-4-0 per rupee per month. A sum of Rs. 3 was deducted—Rs. 2-8-0 for one month's interest in advance and 0-8-0 for *munshi*. I had to do what he said as I required money very badly. I promised to return money with interest after one month but I could not pay it. I paid Rs. 2-8-0 per mensem for interest for three months, but in the fourth month he insisted upon payment. I said that I had no money at that time. He threatened me saying that he would draw money from my skin, then somehow I arranged to repay his money with interest. The interest deducted in advance was not taken into account. Bhana Himta was my surety for this loan. He was beaten by this Pathan and another Pathan. He was taken from the market to his house where he was beaten severely.

2304. The document was returned to me when the full payment with interest was made by me.

Bhoma Himta Rawat of Chang-Ring, Oil man, Edward Mill.

2305. Some 8 months ago I took a loan of Rs. 20 from a Pathan. I cannot give his name. Interest was fixed at 4 annas per rupee per mensem. I received Rs. 15 only after deducting Rs. 5 as one month's interest in advance. He did not charge *munshi's* fee from me as a favour. In a book I affixed my thumb impression; nothing was written in my presence. I used to give Rs. 5 per month as interest. For the sake of Dula Hala for whom I stood surety, I was beaten by the Kabuli. Dula Hala borrowed Rs. 20 from the same Kabuli and I was beaten at his house. Moti was beaten very severely three or four times by this Pathan. He had to run away to Ahmedabad for this reason. He had taken Rs. 40 on loan which has not yet been paid.

2306. These Pathans beat their debtors at their houses mostly. They are about 5 in this city. I herewith produce a receipt for Rs. 20 given by the Pathan on my loan being liquidated.

Statements of four other debtors of Kabuli money lenders.

1. Rampal, Sweeper.

2308. I borrowed Rs. 80 from * * *. He got my thumb impression on a stamped paper and said that he would write out the figures later on. One Khatta (present at the interview) was a witness to this. Fifteen or sixteen months later he filed a suit for Rs. 400. I have got a copy of the plaint, which I will send through Mr. Sharma. The suit was for Rs. 400 although I had already paid him Rs. 360. I and my brother get Rs. 46 a month. The Pathan used to come on the pay day and get from us Rs. 20 or Rs. 30 in the

Debtors of Kabuli money-lenders.

presence of Namdev Jamadar. I have paid him in all Rs. 300. He never gave me any receipt for the money paid and used to say that he would credit the amount to my account. Three months ago he gave me a beating with a *lathi*. My jamadar threatened him that he would not allow him to come on pay-day inside the building, and then he let me off. He then filed this suit against me.

Khatta Sweeper.

2309. I borrowed Rs. 8 at the rate of 0-4-0 per rupee per month. I also borrowed from the same man * * *. He gave me a beating on the 5th of last month. Our pay-days are 3rd to 5th of each month and, he comes generally on those days. I also had to give him my thumb impression on a piece of paper which was quite blank, and he said that he would fill it up himself. There were 4 or 5 boys standing when he gave me a beating and they raised a hue and cry. I, too, was getting ready to fight but the boys held me back and the Pathan ran away.

Goru Sweeper.

2310. I borrowed Rs. 30 from * * * at the rate of 4 annas per rupee per month. He did not beat me, but he came to me early one morning and prevented me from going to the mill, holding out his *lathi*. The father of Matadin sweeper who was present there, came at the time and asked the Pathan not to beat me, otherwise he would ask other mill-hands to come. The Pathan then went away.

Matadin Sweeper.

2311. I borrowed Rs. 20 at the rate of 4 annas per rupee per month from a Kabuli money-lender. He deducted Rs. 4 on account of interest in advance and handed over to me Rs. 16. About four months ago I borrowed this amount. Now he demands Rs. 20 from me. In the second month I paid him Rs. 4 on account of interest and Rs. 2 as principal. In the third month he got from me Rs. 5 on the pay-day, but he still demands Rs. 20 from me. About 4 or 5 days ago he gave me a beating at 6 o'clock in the morning when I was going to the Mill.

Ajmer, the 17th December 1929.

Summary of an interview with Indigenous Bankers and Money-lenders of Ajmer.

PRESENT:

Prof. H. L. CHARLANI. 1 L. BAL KISHEN.

Mr. V. S. MARBALLI, (*Secretary*.)

1. Seth Bhagwandas.

2312. I had lent to an *istimrardar* of Pundurpura * * * Rs. 500 in cash. I got a decree against him for Rs. 725 including costs of the suit. The estates then came under the management of the Court of Wards. Up to this time I have received only Rs. 400 and the remaining sum is still due to me by the *istimrardar*. The Court of Wards took the responsibility of paying the full debt in three instalments. The interest of Re. 1 per cent per mensem was charged on the principal up to the date of the decree, and after the decree no interest was awarded to me.

2313. I got a decree on the 13th December 1916 for Rs. 207-10-0 from the Judge, Small Cause Court (case No. 2791 against * * *) After that the following execution applications were made:—

9th March 1918—Nothing was recovered from the judgment debtor and the case was dismissed in default.

27th March 1919—Nothing was recovered.

2nd March 1920—Expenditure incurred amounted to Rs. 4-4-0 but nothing was recovered.

6th March 1923—Nothing was recovered.

6th February 1924—Nothing was recovered.

2314. He is a member of a co-operative credit society. The interest charged on the sum was at the rate of Rs. 1-4-0 per cent. After the decree interest was not charged on the decretal sum. (*Note*.—The documents in original were shown to the members of the committee present at the interview.)

2315. I got a decree against * * * from the Judge, Small Cause Court, for Rs. 157-8-0 on the 20th March 1920. The rate of interest charged originally is not shown in this decree. The following are the dates of execution applications:—

1st October 1920—Only Rs. 9 were recovered

15th October 1920—Rs. 23 were incurred as costs. The application was dismissed in default and nothing was recovered.

8th February 1921—Cost incurred Rs. 1-12-0; only Rs. 10 were recovered.

10th August 1925—Costs incurred Rs. 2-4-0, only Rs. 12 were recovered.

16th February 1926—Costs incurred Rs. 3-6-0; only Rs. 12 were recovered.

6th September—Costs Rs. 2-4-0; nothing was recovered.

Indigenous Bankers and Money-lenders.

On the whole out of 60 such cases of agriculturist borrowers about 20 people pay in full, about 20 pay half the amount and about the same number of people pay only the bare principal.

2317. To keep within the limitation period and to avoid the expenses of law courts, we have very often to feed our clients and to pay the legal expenses in order to get our bonds renewed and sometimes by agreements among ourselves show payment on the back of it without actually receiving anything from the borrower, and so keep in force the debts due to us. This year, for instance we had no locusts, but still we had to pay seed to agriculturists. We did it in the hope of getting some profit if the crops turn out to be good and the agriculturists cultivate land in the hope of getting good crops. If the agriculturist does not get crops, he cannot pay us and we have to live on mere hopes.

2318. At this stage *bahis* of the witness and a record of decrees were given to the Naib Tehsildar who assisted during the interview to pick out at random any page. The details of the case thus selected were as under:—

This is a joint decree against * * * * *
(case No. 20719, dated the 30th October 1929) for Rs. 800. The rate of interest mentioned in the bond is Re. 1 per cent. per mensem. No interest is awarded after the decree. After three years the man mortgaged his land for Rs. 400 for 20 years for the total debt including this decree. This year's crop which came to the lender's share is 3 maunds 30 seers. The land mortgaged is about 28 *bighas*. Last year his share of the produce was about 12 maunds 20 seers. The witness here added that the average produce in a year is 15 maunds.

2322. This book contained about 100 decrees. The witness said "I am prepared to dispose of all of them if I get the principal and half of the interest. If I get this sum, I hope to give up money-lending altogether, but I will not give up my hold on the mortgaged land which came into my hands before 1914, unless the owner redeems it for the full amount. I am continuing the business because I cannot otherwise have any chance of recovering my old debts. But I am giving up a large part of my money-lending business gradually as it does not pay."

2. L. Gulab Chand Malu Lal.

2323. I paid in cash a sum of Rs. 50 in *Sambat* 1976 (1914 A. D.) at the rate of Rs. 1-8-0 per cent. per mensem to * * * of Naraoli and got back only Rs. 52 (*khata* entry shown).

2324. I had lent a sum of Rs. 300 on the 11th June 1907 on a mortgage of land to * * * of Naraoli village. After sometime I paid Rs. 83 to him in *Sambat* 1985 (1927 A.D.), i.e., I got the bond renewed for Rs. 383 which included part of the previous balance and the additional amount paid in cash. I recovered a sum of Rs. 315 in *Sambat* 1986 (1928 A.D.) The entry at the time of recovery in the account book reads as follows:—

* * * * * credited to his loan account the amount recovered in this way:—

Rs. 300 on account of the mortgage money against land, Rs. 15 on account of cash—total sum Rs. 315.

2325. At this stage the witness was asked if he would permit the committee members to look into his account books and read any other entry

picked up at random. The witness agreed, and the Naib Tehsildar opened a page at random and the entry read as follows:—

"Account of * * * race Regar, of village Babole—*Bhadon Sudhi Choth Sambat 1974* (about 19th August 1916).—Rate of interest Rs. 1-4-0.

8. L. Badridas Maudulal.

2326. A decree was awarded to me by the Judge, Small Cause Court, on the 20th January 1916 against *, son of *, Gujjar. * son of*, died afterwards, and his heir Mst. * became the owner of her father's property. I claimed a sum of Rs. 198 plus the costs of the suit (Rs. 28) and accordingly got a decree for this amount (suit No. 3400). No interest was awarded to me after the date of the decree and the amount was to be payable by instalments of Rs. 10 each per month.

2327. An execution application was made in 1916 for Rs. 224, No. 1284. I had to incur Rs. 2 as costs, but nothing was recovered. The next execution application No. 1071 was made in 1919. In it I claimed Rs. 228, but nothing was recovered and I had to incur a sum of Rs. 5 as costs.

2328. In execution application No. 3470 I claimed Rs. 231 and recovered half of the sum, i.e., Rs. 115-8-0, and had to incur Rs. 19 as costs.

2329. Execution application No. 4720 of 1921.—I claimed a sum of Rs. 200-8-0, but nothing was recovered.

2330. Execution application No. 6638 of 1922.—I claimed Rs. 204-8-0, but only Rs. 6 were recovered and I had to incur a sum of Rs. 6-8-0 as costs of the execution application.

2331. Execution application No. 4187 of 1924.—I claimed Rs. 210 and incurred a sum of Rs. 4-4-0 as costs of the execution. Nothing was recovered.

2332. Execution Application No. 1185 of 1926.—I recovered only Rs. 26.

2333. I got a second decree against the same man under case No. 3832 dated the 31st July 1919. The suit was brought for the recovery of Rs. 400 and the costs incurred amounted to Rs. 45. The interest on the above sum was charged at the rate of Rs. 2 per cent. but the court awarded only at the rate of Rs. 1-8-0 per cent. per mensem. I was not awarded any interest after the date of decree. The court granted a decree for Rs. 350 and costs of the suit, i.e., Rs. 45 on 31st July 1919.

2334. The following execution applications were made with the result noted against each:—

- (1) No. 4630 of 1920, for recovery of Rs. 395—Had to incur Rs. 2-8-0 as costs, but nothing was recovered.
- (2) No. 2389 of 1921—Recovered a sum of Rs. 20; the costs incurred amounted to Rs. 8-12-0.
- (3) No. 2315 of 1922—Recovered a sum of Rs. 50; the costs incurred were Rs. 8-14-0.
- (4) No. 3893 of 1924—Recovered Rs. 20; the costs incurred were Rs. 6.
- (5) No. 1725 of 1924—Nothing was recovered; the costs incurred amounted to Rs. 10-10-0.
- (6) No. 3006 of 1925—Rs. 30 were recovered; Rs. 5 were incurred as costs.
- (7) No. 1914 of 1926—Nothing was recovered; costs incurred were Rs. 5.

2335. Both the decrees were then settled by compromise as testified by the entry in the cash book.

2336. Cattle were taken from this man in lieu of Rs. 500. The entry in my book reads as follows:—

Credited to Bharna *Khata*, dated the 5th *baisakh*.

5 cows, 2 small cows, 1 calf, 3 she-buffaloes, total 11 animals.

2337. The cattle were disposed of 20 days later. The entry concerning this transaction is in the *Rosnamcha*, page 28, which shows that I got only Rs. 400 for them.

(*Note*.—This witness proved his statements by entries in his account books and the members found his statements to be correct.)

Ajmer, the 17th December 1929.

Summary of an interview with Gur merchants of Ajmer.

PRESENT:

Prof. H. L. CHARLANT.

| L. BAL KISHEN.

Mr. V. S. MARBALLI, (*Secretary.*)

Seth Jagan Nath Radha Krishna and Ram Chandra Panchulal stated as follows:—

2338. *Gur* trade here is mainly for local consumption. We receive *gur* from Meerut, Delhi, Ghaziabad, Hapur, Shahdra, Panipat, Sonipat, Sikandarabad and Mahrajganj. We do not send it to villages outside Ajmer because of the heavy terminal charges, and the difficulties that are experienced with the villagers in Ajmer-Merwara. We remit money by *hundis* or notes whichever is the cheaper method in particular months. We buy *hundis* from the indigenous bankers, who generally have *hundis* to sell on Bombay and Calcutta. We get very few *hundis* on Meerut and other places where we have to remit money, so we adopt generally the method of remitting money to these places also by means of *hundis* on Bombay and Calcutta which are in demand in these places also. We have no money dealings with the Imperial Bank but occasionally when a *hundi* is drawn through a bank we have to deal with it. The bank charges 0.4-0 per cent. on the small amounts which we have to send and when a *darshani hundi* is drawn by us and presented through the Imperial Bank we have to pay tonga hire to the man who comes to inform us, whether the man comes on cycle or on foot or on a *tonga*. The working hours of the banks are fixed and if we are delayed by a few hours we have to pay on the next day, interest charges at the rate of 12 per cent., and in case we delay by one or two days in honouring the *darshani hundi*, the bank quietly sends it back as dishonoured. We have not to suffer any of these inconveniences in dealing with the indigenous bankers, but if the Imperial Bank will adopt a more liberal policy and reduce the charges from 4 annas to 2 annas, we will prefer to deal with the Imperial Bank because it can give us *hundis* directly on the places with which we have dealings on account of *gur* trade, for example, Meerut, Delhi, Sonapat, Panipat, etc.

BANKING ENQUIRY COMMITTEE FOR THE CENTRALLY ADMINISTERED AREAS.

AJMER-MERWARA.

Written replies to the Questionnaire.

GOVERNMENT OFFICIALS.

Rai Bahadur PYARAI LAL, Income-tax Officer, Ajmer-Merwara.

AGRICULTURAL INDEBTEDNESS.

2339. 1. Debt is incurred by cultivators generally for the following purposes :—

- (1) Repayment of earlier debts.
- (2) Marriage and other social occasions.
- (3) Famine and other kinds of distress.
- (4) Payment of land revenue.
- (5) Seed and manure.
- (6) Sinking of wells.
- (7) Purchase of cattle.

2340. The money is advanced by the *mahajans*. The debt is largely due to professional money-lenders. The money is advanced by Government, indigenous bankers, professional money-lenders and co-operative credit societies also.

2341. 2. The interest varies from 12 to 24 per cent. per annum. In cases where grain *badi* is paid the rate of interest exceeds 24 per cent. The interest is added in some cases every year and in some cases also after two or three years when the debtors come to settle accounts but in case of kind, interest is calculated half yearly. The loan in this way increases to double or three times the original amount and sometimes more in some cases. The debt, if not repaid, is recovered through civil courts.

2342. 7. It is not customary for money-lenders to extract personal service or any other form of labour in lieu of interest on loans from borrowers.

2343. 10. The enactment of legislation for publication of accounts does not seem desirable as no one would want to disclose his accounts publicly.

2344. 11. There are no village arbitration boards or village *panchayats* in this district for the purpose of settlement of disputes between money-lenders and agriculturists.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

2345. 12. The cultivators obtain finance by borrowing from the under-mentioned sources—

- (1) Co-operative banks.
- (2) Money-lenders.
- (3) Indigenous bankers.
- (4) Government, in case of failure of monsoon.

2346. The interest varies from 1 to 2 per cent. per mensem in the case of (2) and (3) and in the case of (1) from 8 to 12 per cent. per annum,

and is 6½ per cent. per annum in case of Government. The promises are made for repayment at the next harvest, but full repayments are hardly so made. The same procedure is applicable in the case of all cultivators. The cultivators of classes (b) and (c) are hardly in existence here. The loan for seed is not advanced in cash but in kind. The loan is advanced on personal security and no other security is taken. The rate of interest which is charged at a uniform rate in both the cases of loans whether advanced in cash or kind appears to be high, but there is one thing, to be said in the money-lenders' favour, and that is that full amount due is never received.

C.—FINANCE FOR MARKETING.

2347. 71. The marketing centres for various crops are as under :

For cotton and *cumin* seeds:—Kekri, Beawar, Nasirabad and Pisangan.

For grain :—Ajmer, Kekri, Beawar, Deoli and Nasirabad.

2348. The money-lenders purchase the produce from cultivators at their storing places or the cultivators send the same to be sold on commission to the above marketing towns. The sale price is realised on the day of marketing. They have to incur expenses between Re. 1 to Rs. 1/8/- per cent.

2349. 18. It is more or less customary for the agriculturists to bring the produce to the marketing centre unless there is a direct stipulation with the money-lender to sell the goods to him or through him.

2350. Grain is sold off immediately in the market, cotton and wool being exported to Bombay and Liverpool. Cotton is purchased by the mill owners at Beawar, Kekri and Nasirabad and also for local consumption.

2351. The expenses incurred are as under :—

Commission 0-12-0, *dharmada* 0-6-0, etc.

2352. 19. The agriculturist stores his produce at his own house previous to taking it to the market and when he wants to sell it it is brought to the shop of the commission agent where it is sold on the very day or the day following. The credit can be obtained on the security of grain provided it is kept in the custody of commission agents or money-lenders.

2353. 20. The produce is sold at the market rate on the very day when it is brought in the market and there seems to be no necessity of warehouse.

2354. 22. There are petty cultivators in Ajmer-Merwara. Necessary entries are made in the account books maintained by the commission agents. Generally no difficulty is experienced with the accounts so kept.

2355. 23. There appears no possibility of forming pools but if the co-operative credit sale societies are to be established it is considered that they would prove useful to a greater extent in transporting and marketing the produce.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

2356. 31. There are three land mortgage banks and nine or ten mortgage societies in this District.

2357. 33. The land mortgage bank should lend money at the rate of 9 per cent. with the distinct stipulation that the money with interest
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should be paid at each harvest. There ought to be one surety who in the event of the failure of the instalment should be held responsible for the same. On failure to pay a number of regular instalments the land mortgaged should be taken in possession until the whole debt is liquidated.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

2358. **38.** Rope-making, hand-ginning and weaving, dairy and *gur*-making are the principal small industries subsidiary to agriculture.

G. - NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

2359. The rate of interest varies from 6 to 12 per cent. per annum. There are the Imperial Bank, urban co-operative banks and rich indigenous bankers in the Ajmer City for providing facilities to the public.

2360. **49.** In addition to textile mills and factories the following local industries also exist -

- (1) *Kasida* Machine work.
- (2) Dyeing and printing calico.
- (3) Iron manufacturing.
- (4) Tobacco and snuff manufacturing.
- (5) *Biri* making.
- (6) Lace manufacturing.
- (7) Brass work.
- (8) Trunk manufacturing.

Their financial requirements are met with by the owners as far as possible

I.—INDIGENOUS BANKERS AND MONEY-LENDERS.

2361. **53.** A village money-lender usually advances money to the agriculturist before the produce is brought to the *mandi*. Big *shroffs* or commission agents either purchase usance or demand bills or documentary *hundis* and export the goods to another place. Such *hundis* are rediscounted by the Imperial Bank also. Similarly at the importing centres also *hundis*, etc., are purchased by the big *shroffs* and sent for realization through the Imperial Bank.

2362. **55.** The *mahajans* generally carry on the business of banking and money-lending. The other communities are also seen engaged in this branch of business but to a small extent.

2363. **56.** The functions of the indigenous banker or the money-lender are as under :—

- Receiving deposits (fixed and current).
- Advancing money against ornaments.
- Advancing money against produce.
- Advancing money against wool (against railway receipt).
- Advancing money against personal security.
- Advancing money against landed property.

2364. The bankers or money-lenders advance money to the people and also carry on trade. Speculative business is also transacted by them and besides they have rent income from their landed property. There are only a few whose livelihood depends only on money-lending. In rural areas most of the *mahajans* live mostly on investments made by their forefathers. They themselves advance small amounts to keep up the old investment and to recover the old debts.

2365. 75. The money-lenders assist the cultivators by advancing loans in cash or in kind at the time of harvest.

2366. They do not invest money in bank deposits, etc., to any appreciable extent.

2367. 58. Banking is more or less regarded as a side business and no capital is set apart for such purpose.

(c) Maximum amount of money that is required for such banking business would amount to about Rs. 2,000 per year.

(d) Relations are cordial.

(e) Facilities afforded by the Imperial Bank to indigenous bankers are as under:—

Discounting of usance or demand *hundis*.

Opening of cash credits, exchange of coins and notes and *vice versa*.

Fixed loans, advanced against Government securities.

2371. 59. Demand and usance *hundis*, promissory notes, *chalu khata*, fixed loans.

2372. 60. The loan is advanced by the indigenous bankers on the security of landed property or even without security in the cases of cultivators in whom they have confidence. Cash credit is not allowed by them.

2373. 61. Indigenous bankers borrow money on demand bills, periodical *hundis* and drafts on big firms of other centres if they have got cash and credit accounts there or against goods sent for sale.

2374. 62. The rate of interest allowed by them to the depositors varies from 3 to 5½ per cent. These rates differ during the business seasons.

2375. The rate of interest allowed among indigenous bankers is 7 annas 9 pies. per cent. per mensem.

2376. 63. The rate of interest paid by the cultivators to indigenous bankers varies from 12 to 24 per cent. per annum.

2377. 65. The indigenous money-lenders in rural areas earn not more than 9 per cent. per annum and in urban areas not more than 6 per cent. as their loan generally remains unpaid to a great extent.

2378. The business of money-lending is generally declining.

2379. 66. The insufficiency of the working capital often compels indigenous bankers to refuse demands for accommodation made on them.

2380. 67. *Hundis*, cheques, supply bills, remittance in notes, bank drafts and telegraphic transfers are available to the public for internal remittances.

2381. 69. There is no large amount of money in the hands of indigenous bankers.

2382. 70. Selling and purchasing rates are as under:—

In season:—Varying from Rs. 99/12 to par.

Off season:—Varying from par to Rs. 100/4.

Rai Bahadur Pyarai Lal.

2383. 71. The bankers are sufficiently protected by the law.

2384. 77. If a branch of the Reserve Bank is opened with local directors, the indigenous bankers may have dealings with it. If the selection of local directors is good the indigenous bankers will have confidence in the bank. If the directors work sympathetically the competition can be avoided.

J.—INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

2385. 79. Almost none in this Province.

2386. 80. Almost no saving.

2387. 81. The tendency of hoarding is decreasing and it is not possible to arrive at an estimate of such hoarded wealth as, on account of money tightness, the old ornaments are being sold every year.

2388. 82. The habits of people are to invest the savings or profits in (1) repayments of debts, (2) purchase of clothes, bullion, ornaments, etc., (3) purchase of land and cattle, and (4) building houses.

2389. 83. Very few farmers have money. When they lend to fellow agriculturists the rate is 12 to 15 per cent.

2390. 84. (3) Vernacular cheques would be very convenient for merchants not knowing English and the illiterate class.

2391. 85. Banking and investment habit in India is of a slow growth due to the following:--

- (1) Want of money.
- (2) Hoarding habits.
- (3) Fancy for ornaments.
- (4) Social customs.
- (5) Want of confidence.
- (6) Want of surplus funds.
- (7) Desire to keep money ready at call.

2392. 86. The Post Office Cash Certificates are popular in the city.

**Rai Sahib KISHEN LAL, Extra Assistant Commissioner,
Merwara.**

AGRICULTURAL INDEBTEDNESS.

2393. 1. Information is not available but it is roughly estimated at about Rs. 60,00,000. It can be collected by a village to village enquiry by an official specially deputed, with power to examine and inspect the accounts, with the assistance of the Revenue Department under the Sub-Divisional Officer.

2394. The details of the loans cannot be furnished without elaborate enquiry but it is noted here that from 1913 to 1928 the amount of debt with land as security in the form of registered mortgage aggregates

(1) Area=13,648 acres.

(2) Value=Rs. 13,06,105.

2395. The following remarks taken from Mr. Lupton's Final Settlement Report will not be without interest in this connection:—

"The villagers are generally heavily loaded with debt especially in Todgarh. The debt in evidence would seem to have increased since 1874. The tract has had bad seasons in the last ten to fifteen years. And even if the debt has not really increased, it is still heavy enough to be a very serious embarrassment to the tract. There is no certainty about the seasons in Ajmer-Merwara and bad years seem to come so frequently that an occasional good year means only a slight reduction in the balances shown against the villages in the money-lenders' account and there appears no hope of any permanent extrication from debt on present condition."

"Whether any actual remedy for this debt is possible, *e.g.*, by legislation on the lines of that now in force in Bundel Khand and the Punjab for the liquidation of debts and prevention of alienation, one cannot say casually. Since then in recent years an attempt has been made to establish village co-operative credit societies in Ajmer-Merwara, but the experiment has been so far, I am informed, an utter failure."

2397. Since the writing of the said report the co-operative movement has been in operation for about two decades and still there appears little improvement in the condition of agriculturists. Mr. Lupton, therefore very aptly remarked that there was no hope of any permanent extrication from debt in the present conditions.

2398. There are no banks in this Sub-Division except the Co-operative Central Bank: of course Government grants *takavi* loans in times of distress, such as failure of monsoon or other calamity, damage by locusts, frost, etc. Thus the credit agencies are (1) Government, (2) co-operative societies fed by the central bank and (3) indigenous bankers and professional money-lenders or *zamindars*. The indigenous bankers reside mostly in the town.

2399. 2. The rates of interest charged by the several agencies are given below:—

- (i) *Takavi* loans under the Land Improvement Loans Act and the Agriculturists Loans Act, at 6½ per cent. per annum.
- (ii) Co-operative societies, 8 per cent. to 12 per cent. per annum.
- (iii) Indigenous bankers and professional money-lenders or *zamindars*, 12 to 24 per cent. per annum.

Loans given in kind by the last-mentioned agencies are issued at one-fourth to one-half or say 25 to 50 per cent. of the loan per harvest.

2400. The methods used for calculating interest by the above agencies are described below:—

(1) *By Government on takavi loans.*—Simple interest is calculated at 6½ per cent. per annum on the amount advanced for the years over which the instalments for repayment are spread, no interest is charged subsequently though this can be done with the Commissioner's sanction.

Rai Sahib Kishen Lal.

2401. *Co-operative societies*.—They charge simple interest at 12 per cent. per annum and keep the interest accumulating separately till the debt is realized in full. At the time of collection the amount recovered is debited first to interest and the remainder to principal. In the case of indigenous bankers, money-lenders, etc. interest is accounted for generally within a period of one to two years. If any amount over and above the interest due is paid it is deducted from the principal and the balance struck, if nothing is paid the interest due is added to the principal and the balance struck. The interest begins to run on the said amount.

2402. *Indigenous bankers*.—Loans in kind are not allowed to run beyond the crop for which they are lent. If a loan remains unpaid it is converted into a cash loan and the same method as described above is then adopted.

2403. 3. Yes. The law of limitation to some extent, the Court Fees Act and the lengthy and hard process in civil courts at the time of passing decrees and then in execution of decrees considerably affect credit facilities.

2404. There can be improvement in the facilities of credit by adopting the following courses:—

(a) The limitation for a suit of simple money may be extended to six years.

(b) The court fee and the process fee should be nominal on suits for below Rs. 100.

(c) Some way must be found for the quick disposal of civil and execution proceedings.

(d) *Panchayat* courts may be established for the settlement of such suits in a central place or in a group of villages. The *Panches* should be nominated by Government.

2405. 4. No. The remark by Mr. Lupton to the effect that true tenants as a separate class without some *khevat* lands of their own who pay a real tenant's rate are very few, is indicative of the fact that the process of absorption by *zamindars* or money-lenders, of lands of small agriculturists is not possible on a large scale.

2406. 5. It is so to some extent and has been further restricted by the passing of the Land Alienation Regulation III of 1914 as since then the sales of land are allowed only in favour of farmers or *zamindars*. The following quotation from Mr. Lupton's final settlement report is significant in this connection. "And true tenants, as a separate class without some *khevat* lands of their own, who pay a real tenant's rent are very few. Even the village menials such as *belais* and others have their *khevat* lands as a rule".

2407. 6. The process as above remarked exists in a limited scale. It should of course be admitted that owing to strained feelings between the mortgagees and mortgagor production of the land is affected by the disinterestedness of the cultivator to devote as much attention as he would have done had he been the owner himself and non-supply of manure, on the part of mortgagor. But this only plays a small part in the reduction of yield. Want of manure, poor rainfall, want of proper and pure seed and specially in time of need and proper weeding are other factors which cause less produce of land.

2408. 7. There are in the first instance no *zamindar* money-lenders in the *tehsil* and the few who do money-lending business have no such

custom as taking labour in lieu of interest, but no doubt they have their land cultivated on the *banta* system by them and exercise their influence over them in their social affairs.

2409. 8. No reply needed.

2410. 9. It is only resorted to occasionally and is not made free use of. There must be a separate agency to check such accounts and the period of checking should be from the date of the beginning of the accounts and not for the last six years only.

2411. 10. With a view to ensuring the authenticity and accuracy of accounts it is desirable that the money-lenders should be bound to publish all the accounts annually and the debtors should be made responsible for acknowledging their correctness within a certain time. There must be a law to enforce the clearing of accounts between the creditors and debtors by sending a copy of accounts by registered post or some such manner

2412. 11. There are no such boards or village *panchayats* in the Sub-Division and it is necessary to have such boards by the introduction of the Village Panchayat Act.

2413. 12. The agriculturists in the Sub-Division do not make any distinction when applying for loans as to the particular purpose for which the loans are required. There are two agencies which mainly operate in the Sub-Division *viz.*, village money-lender and the co-operative society. In the case of the former the agriculturist obtains loan whenever he is in need of it irrespective of the object while in the case of co-operative societies loans are generally issued for productive and necessary purposes. Advances under the Land Improvement Act and the Agriculturists Loans Act are also granted. There are only small *Khewadars* and thus there is no special distinction.

2414. 13. They do not borrow freely as the agriculturists are under the impression that such loans are granted in times of scarcity or calamity and applications are then made and granted.

2415. The rules are simple and workable. Free resort to *takavi* loan is desirable and is beneficial to the agriculturist but sufficient extra staff is required to give effect to this work.

2416. 14. There is no co-ordination amongst the above mentioned agencies. Of course it is kept in view in the grant of the *takavi* loan that the members of co-operative societies are not given loans directly. There is a mutual co-ordination in practice between Government and the Co-operative Department and no other, though there is no law on the subject but *takavi* loan is granted to the bank on special terms, on their responsibility, to be issued to the societies.

2417. 15. The defects in the system of financing agricultural production are :—

- (1) Rate of interest is high (excepting the rate on *takavi*).
- (2) It takes a long time to secure a loan from central places and it is also expensive.
- (3) In case loan is required for seed manure, etc., pure and good stuff are not available on account of want of agencies.

2418. The process should be simplified by opening adequate agencies.

2419. 16. Total amount of capital estimated for the requirements in this Sub-Division is Rs. 18,00,000. My estimate is based on the principle

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that one family on an average requires a loan of Rs. 100 in a year for its requirements. The number of families in this Sub-Division is 23,500. This can be reduced by 25 per cent., as some may not require loans. Adequate capital is available but not on reasonable and moderate terms.

C.—FINANCE FOR MARKETING.

2420. 17. The Beawar town is the only market in this Sub-Division, others, such as Todgarh, Bhim, Jawaja, Barar, are only the collecting centres.

2421. 18. A cultivator brings his produce (cotton, wheat, barley, maize, etc.), in a cart to the town and proceeds to the shop of a commission agent or broker. The commission agents make the following charges:—

(i) Commission Re. 1 per cent.

(ii) Weighing charges 4 annas per cent.

(iii) Brokerage and *Dharmada* 1 anna per cent.

(iv) For sweeper, waterman, etc., 1 anna and 6 pies, per cent.

2422. The commission agent accompanies the owner to the bazar and arranges for its sale, after settling the rate, etc. When the article has been weighed down the agent pays up the cost less his commission, etc., which he himself arranges to recover subsequently. The charges vary from Rs. 1-4-0 to 1-5-0 per cent. besides the underhand tricks of the purchasers and the commission agents, which may vary from Re. 1 to Rs. 2 per cent., as a margin of $\frac{1}{4}$ a seer per maund is kept. There are no banks in the Sub-Division except the Co-operative Central Bank, Beawar. Merchants, bankers and dealers take the above parts. There exists no co-ordination amongst them. The improvement can be effected by establishing a regular market under a *panchayat* or Chamber of Commerce.

2423. 19. (a) Mostly the cultivators keep the crop in their houses or *khala* and after threshing and winnowing bring it to the market. The *khals* are situated in open grounds.

(b) There is no storing place in the market. The agriculturists bring their produce direct from the *khala* or house to the market (i) to their money-lenders if in town, (ii) to a commission agent, or (iii) to a broker, whoever may be most beneficial to his interest. There is no possibility in these times of using the grain or any other crop as security for credit.

2424. 20. It is desirable to establish warehouses on the system of the Egyptian Scheme. As proposed in that Scheme the expenses of the warehouse establishment should be borne by the Government.

2425. 21. There is no financing facility during marketing, the facilities required are the advancing of money on the security of produce by establishing warehouses on the lines of Egyptian Cotton Scheme and to encourage co-operative marketing system.

2426. 22. No agriculturist ever consigns any goods to any place outside the Beawar town and so no instrument of any kind is used for raising money.

2427. It is only rarely that an agriculturist or village money-lender deposits his produce with a merchant or banker on the execution of an agreement to the effect that it would be sold under the instruction of the depositor or at the will of the merchant or banker. The charges made are the rent of the cell and interest at varying rates from 0-12-0 to Re. 1 per cent. per month and the town merchants raise money on railway receipts too.

2428. 23. It is possible if the warehouses and co-operative sales systems are introduced by Government aid in the initial stage.

2429. 24. It is not useful at present in rural areas but further development may demand reduction of duty on bills before long.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

2430. 25. Yes. To all classes.

2431. 26. A land mortgage bank and societies have been started which can give such loans only to a limited extent. Loans are also advanced by the Government under the Land Improvement Loans Act but to a limited extent. No loan facility is given to the tenants.

2432. 27. Such loans are granted in times of famine or scarcity as the agriculturists and others are under the impression that they can get them only on such occasions; as there had been no propaganda for explaining the advantages of *takavi* loans on account of insufficiency of staff such loans are not freely applied for. There is no defect in the system.

2433. 28. The average value of land is as under :

Beawar Tehsil.

<i>Chahi</i>	Rs. 375	per acre.
<i>Talabi</i>	Rs. 325	"
<i>Abi</i>	Rs. 125 to Rs. 150	"
<i>Barani</i>	Rs. 60 to Rs. 80	"

Todgarh Tehsil.

<i>Chahi</i>	Rs. 500	per acre.
<i>Talabi</i>	Rs. 400	"
<i>Abi</i>	Rs. 200	"
<i>Barani</i>	Rs. 80	"

2434. The rates vary with the quality of land. In the case of,

(i) <i>Chahi</i> , the proportion of yield to market value is	1 : 8
(ii) <i>Talabi</i> , " " " "	1 : 8
(iii) <i>Abi</i> , " " " "	1 : 8
(iv) <i>Barani</i> , " " " "	1 : 4

2435. Location, production, fertility, sources of irrigation, quality of water and competition play a part in arriving at the value of the land.

(a) and (b). There is no instance of auction of land in payment of Government revenue or by execution of a decree of a civil court.

(c) Sales take place by private negotiation. The above value is for private negotiation only. Difference cannot be distinguished.

2436. 29. Regulation No. III of 1914 (Ajmer Alienation of Land Regulation) is the only law on the subject. It has no adverse effect.

2437. 30. Owing to the extremely precarious condition of the monsoon, the cultivators and others have little assets and consequently it is difficult to raise any money by means of debentures. If Government

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offers guarantee for the debentures it is possible that money can be raised on debenture bonds.

2439. **31.** There are nine mortgage societies and one land mortgage bank in this Sub-Division, they issue loans for redemption of land, land improvement purposes and liquidation of old debts according to their bye-laws, on the security of land. They raise capital by borrowing from the central bank and by share capital (which is a meagre one). No loan is raised on debenture.

2440. **32.** As stated above there are ten institutions only. More of such institutions are badly needed and can prove advantageous to both landlords and tenants (of certain classes).

(a) The management must be on co-operative (democratic) principles with a Government nominee to safeguard their interest.

(b) By share capital of ten lacs (and more according to requirements). Shares of ten rupees each (or less according to local conditions).

(c) The share capital should be raised from the public and Government should not contribute in the shape of shares.

(d) The maximum of loans should be spread over 20 years or 40 half yearly instalments. A margin of 25 per cent. should be kept between the amount of loan and the value of mortgage.

(e) From all sources (including Government loans in initial stages).

(f) Government should guarantee principal as well as interest.

(g) Yes.

(h) Yes.

2441. **39.** The money should be raised on the following terms:—

(1) Deposits for not less than 5 years. Interest at six per cent. per annum to be paid half yearly.

(2) Funds from central institution. Same as above, the amount should be made repayable after 5 years.

(3) Debentures. Interest at 5 per cent. and amount being made repayable on the expiry of one year.

2442. **34.** The value may be assessed at 25 per cent. less than the amount of the market value.

2443. **35.** (1) In case of loans from Government the safest course would be to have the assets of the institution hypothecated in favour of Government with a margin of 25 per cent. of the value of assets.

2444. (2) In case of guarantee of interest on debentures by Government, assets of the institution exceeding 25 per cent. in value over the total amount of interest should be hypothecated.

2445. **36.** (a) Certified extracts of *khewat* be issued to the owner and the *khewatdars*. In this case there would be no difficulty of reference. To keep the revenue records up to date the following suggestions should be carried out:—

(1) Information regarding the alienation of culturable land should be sent to the *patwaris* through the Tehsildars by the Registration Offices.

(2) The *patwaris* and the *girdawars* should be rewarded by paying them a part of the mutation fee for finding mutation

(b) In the cases of co-operative banks award should be given by the society *panchayats* to be confirmed by the Registrar, and the proceedings allowed according to the Civil Procedure Code, without any interference of *wakils*.

(c) As in the case of the co-operative societies under the Co-operative Act.

2446. 37. After discussion of the several sources for supply of loans it appears that the best remedy for reduction of agricultural indebtedness lies in—

(a) Agricultural Relief Act.

(b) Distribution of *takavi* for long terms extending over 20 years.

(c) Thereafter restrictions should be laid down on debts on lands.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

2447. 38. There is no industry of any kind in progress in this Sub-Division.

2448. 39. The only possible industries which can find an encouragement are (i) hand spinning and weaving, (ii) oil crushing, (iii) poultry farming, horticulture, rope, line and basket making as well as sheep breeding.

2449. Societies may be registered under the Co-operative Act and financed by the central bank.

2450. 40. (1) The question can be considered when industries have been established. *Biri*, rope and string making are such as can be done during the off season when there is no work on the farm and if properly done can prove useful. Loans may be advanced by Co-operative Department.

2452. Co-operative societies of *mahajans* may be encouraged for financing such industries and if necessary they may be fed by the co-operative bank.

F.—RURAL CO-OPERATION.

2453. 41. Merely money-lending institutions; so far as they are known to do not receive any deposit; they are open to receive deposits but such deposits are not received.

2454. 42. There are no banks except the Co-operative Central Bank, Beawar, which has credit connection with the Imperial Bank of India which makes advances on the secured assets of the Bank.

2455. 43. (a) The following are the defects in the present working of the co-operative societies:—

(1) Lack of understanding the principles of co-operation.

(2) Inability of members on account of illiteracy and backwardness of the people to manage their societies quite independently of official help and to manage their affairs and accounts and system of working

(3) Initiation of movement by the Government instead of by the public.

(4) Inadequacy of the staff to guide and infuse in them the principles of co-operation.

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(5) High rate of interest and other expenses.

(6) Want of rural leaders.

(b) With the advance of time and education the defects will disappear.

2456. 44. No difficulty is being experienced in obtaining short and long term loans so far. It is only to a limited extent that the financial needs of the members of a co-operative society are supplied, while the remaining agriculturists get no help. The proportion of members to agricultural population is 1 to 6.

2457. 45. No extra capital is required for the present work unless it is liberally extended.

2458. 46. No competition.

2459. 47. The Co-operative Central Bank is already exempted from income-tax. There is no provincial co-operative central bank. If such a bank ever came in existence the debentures issued by it should be included in the list of trustee securities.

G.—NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

2460. 48. No data is available so far for ascertaining the extent of indebtedness of urban communities; the rates of interest are given below:—

(1) Traders, 6 per cent.

(2) Petty traders, 9 per cent. to 12 per cent. per annum.

(3) Artisans and labourers, 12 per cent. to 18 per cent. per annum.

The traders are financed by the indigenous bankers, joint stock banks and the Imperial Bank of India. The petty traders are financed by indigenous bankers, professional money-lenders and co-operative societies. If the stamp duty on bills is removed it will encourage the business of indigenous bankers.

2461. 49. The following industries exist in the Benwar Town besides textile mills and factories:—

(i) *Kasida* machine work.

(ii) Dyeing and printing calico.

(iii) Iron manufacturing.

(iv) Tobacco snuff manufacturing.

(v) *Biri* making.

2463. Existing organisations do not finance them adequately and satisfactorily. Co-operative organisation is suggested.

2464. 50. To a very limited extent. Very insignificant, *e.g.*, the artisans and labourers are scantily financed by co-operative societies in the town while traders and petty traders are not financed by this movement at all.

2465. 51. The co-operative movement should extend its operations by organising credit, thrift, supply, and industrial and artisan societies.

2466. 52. The several agencies which play a part are mentioned below :—

Export trade—

- (a) *From village to mandi.*—Money-lender and indigenous bankers.
- (b) *From mandi to the exporting port.*—Indigenous bankers and joint stock banks.

Import trade—

- (i) No part is played by any bank or bankers in foreign trade.
- (ii) The indigenous bankers.

I.—INDIGENOUS BANKERS AND MONEY-LENDERS.

2467. 55. Mostly the *mahajan* community practise indigenous banking and money-lending business in the Sub-Division, the operations of other communities are nominal.

2468. 56. There are very few money-lenders or indigenous bankers except those residing in Beawar town, who deal exclusively in money-lending business. Others carry on the following business in addition :—

- (i) Hold *khewat* and mortgaged lands.
- (ii) Keep shops of provision and clothes.
- (iii) The bankers in the town do much speculation work besides shopping, commission agency and trades.

2469. 57. Agriculture is greatly financed by money-lenders on personal security and mortgage both in cash and kind. They finance trade and industry to a little extent. The indigenous bankers finance trade and industry and they hold no shares or deposits in any such concern.

2470. 58. Such organizations are unknown in the Sub-Division. There is no organization of the indigenous bankers. They work as individual bankers, the monied people practising banking with their own capital as well as deposits and loans from others.

- (a) No fixed amount is invested.
- (b) Volume of their business is not limited.
- (c) Their expenses are uncertain.
- (d) The indigenous bankers have with the Imperial Bank of India and joint stock banks outside the District the relation of creditors and debtors (or say depositors or borrowers) and with the village money-lenders that of receiving deposits and lending money.
- (e) No facility is given by the Imperial Bank to indigenous bankers.

2471. 59. No form of instrument other than *hundis* on a stamped or unstamped paper are used by such bankers in the town. These are of two kinds, viz., *darshani* (unstamped) and *matiyadi* (stamped). (Samples submitted).

2472. The village money-lenders carry on their business merely by issuing *chithis* (letters). In general transactions money and notes are generally used. *Hundis* are used for remittance purposes.

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2473. 60. The indigenous bankers grant loans in the form of *hundis* mostly on cash credit for a fixed period, as agreed, from two months to one year at 4½ per cent. to 6 per cent.

2474. 61. The indigenous bankers and big *shroffs* use their own capital and receive deposits from others as well as loan from private persons and bankers if necessary. The village money-lender obtains funds from a town banker on less interest. There is no data to form an estimate unless enquiry is made by enactment of some loan law for inspection of accounts. That course too would not be sure and safe. There is no data to form an estimate unless enquiry is made by enactment of some loan law for inspection of accounts. That course too would not be sure and safe.

2475. 62. The rate of interest varies from 3 annas to 10 annas per cent. per mensem. The rates go up, for three months during each harvest, from 7 annas 9 pies to 10 annas per cent., irrespective of any security. The agriculturists have no direct transaction with indigenous bankers. They deal with money-lenders who charge rates given in replies to questions Nos. 2 and 60.

2476. 64. No prejudice. The system is capable of improvement. Acknowledgments and receipts should be issued for every transaction to bring them on sound lines.

2477. 65. About 4 to 4½ per cent. in ordinary cases but it mostly depends on the management. No indigenous banker or money-lender has failed since 1920 on account of money-lending business only, though there are some who have failed on account of speculations or other business.

2478. 66. They are unable to meet demands in full. But they have got sufficient money to cope with the limited business they are doing but not to extend it.

2479. 67. Internal remittances are made by (i) *hundis*, (ii) letters of credit and (iii) postal money orders and insurances. The use of supply bills is limited to districts outside the town of Beawar in a restricted way. It can be used extensively by reducing the minimum of the supply bill amount and its introduction between the sub-treasuries and head-treasury and between the sub-treasuries.

2480. 68. No effective part is played by negotiable instruments in the internal trade of the province.

2481. Money flows from rural to urban centres when agricultural products are brought for sale and *vice versa*. It does not flow from one centre to another.

2482. 69. Reduction of duty on bills is desirable for the more extensive use of the bills generally.

2483. 70. The rates of *hundis* purchased and sold vary from 2 annas below to 4 annas above par per cent. during different seasons. It has only the controlling effect in keeping the rate of *hundi* charges low, before that it varied from 8 as. below to 8 as. above par.

2484. 74. They will resent.

2485. 75. It can be done if recognised markets or warehouses are started.

2486. 77. It is necessary to establish a branch of Central Reserve Bank.

2487. The bank should afford every kind of facility and convenience to trade.

2488. 79. There are a very few agriculturists of this sort in this Sub-Division and those are found amongst the retired military officers.

2489. 80. Very infinite amount.

2490. 81. There is no data available to form such an estimate. The tendency towards hoarding is decreasing.

2491. 82. *Rawat* and *Merat* communities predominate in this Sub-Division; other communities are *Mahajans*, *Mussalmans* and *Malis*. *Rawats* and *Merats* are very liberal in spending money when they get it. The chief sources of their expenditure are (i) drinking, (ii) *mosar* and (iii) price of wife and *jhagra* money. Other communities have no special feature worth mentioning except the *Mahajans* who are thrifty and in the habit of investing money in business yielding the highest return. The Co-operative Department has done much in connection with collecting funds and teaching thrift, but not to such an extent as is necessary, and much more is still required to be done. There is no provident society.

2492. 83. (a) Very few carry on money-lending business, the terms of their business are almost the same as those of money-lenders.

(b) The surplus money is either invested in purchasing and improving land or making ornaments.

(c) No data is available.

2493. 84. The system of payment by cheque is not much in use here as there is no joint stock bank here.

2494. 85. Yes, some of the reasons are (i) illiteracy of the people, (ii) non-familiarity with the banking system, (iii) criticism on the part of bank officials on minor points, (iv) want of surplus money, (v) inconvenience caused at the time of transfer of accounts and (vi) the investing of their small savings in making necessary ornaments which they regard as their latest resource or reserve for use in emergencies and consider more safe than deposits in a bank.

(2) Insurance companies, Government Provident Fund, Postal Savings Banks, Co-operative Central Bank, Post Office Cash Certificates are such institutions.

(3) Yes.

(4) Post Office Savings Bank accounts can be extended into the interior.

2495. 86. (a) Post Office Cash Certificates are popular. They can be made more popular if the condition of not paying interest during the first year is waived. Yes, if the rate of interest is brought to the original standard (i.e., when they were first introduced) there is every likelihood of increase of sale. To clear up the matter it may be said that a depositor of Rs. 75 should be allowed Rs. 100 on the expiry of five years.

Labourers and officials resort to these forms of investments.

2498. If the rate be increased as suggested and if the advantages are widely explained by means of propaganda work it is possible that the sale of cash certificates would extend.

2499. 88. If such persons are assured of the use of money in the truly economic development of the localities in which such persons reside by spreading education and propaganda work it is possible that the people may be brought round to spare such earnings for such purposes.

2500. 89. I doubt if people or the banking institutions have any cause for a grievance of competition by Government in regard to deposits through Post Office Cash Certificates because there is no inclination amongst the people to take any Government work as a means of competition.

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2501. 90. None in the Sub-Division. In the presence of Post Office Cash Certificates I do not think any special facility is needed for small agriculturists and investors in this Sub-Division, because few have money to invest.

2502. 91. No such agency exists.

2503. 92. Below are mentioned a few of the various possible means of educating the people of the country to invest their savings in productive undertakings:—

(i) Through the Education Department, *e.g.*, teaching by giving lessons on thrift.

(ii) Through the Co-operative Department.

(iii) Through the Revenue Department.

(iv) By means of printed pamphlets and introduction of newspapers in the vernacular (Hindi) of the province.

2504. 93. In this district (Ajmer-Merwara) only one branch of the Imperial Bank has been opened at Ajmer. It has given facilities for credit and other business matters on a small scale to prominent and wealthy individuals and private firms.

2505. 95. The existing banking resources are (1) the co-operative credit bank co-operative societies, indigenous bankers, *shroffs* and money-lenders. The above banking agencies cannot be pronounced exhaustive and adequate because they do not deal in all sorts of banking work and the indigenous agencies are not safe and do not work on sound lines.

2506. 95. (a) Post Office Savings Banks should be opened at (1) Rajiawas (2) Sendra, (3) Bhim, and (4) Dewair.

(b) and (c). The central co-operative bank is sufficient but one mortgage bank is needed at Todgarh and both the institutions should work on a more extensive scale.

2507. Opening of a branch of the Imperial Bank or any other joint stock bank seems desirable in Beawar Town where none exists at present.

SAMPLES OF HUNDIS, VIDE QUESTION NO. 50.

No. 1.—*Darshani Hundi.*

2508. Sidh shri Bombay Bunder subh sathaner shahji Sri Champalal Ji Ram Swaroopji jog likhi Nayanagar sun Bhimraj Punamchand ko juhar banchaosi aprench Hundi ek rupaiya 500 akhre Panch so ke neme rupaiya arahi so ke duna pura athe rakhia bhai Kaluram Pusa Mal pas sah jog rupaiye hundi chalan ka dijo—Sambat 1936 ka Katik Badi 11.

Daskat.....

No. 2.—*Muddati Hundi.*

2509. Sidh Sri Nayanagar subh sathaner Bhaiji Sri Bhimrajji Puranchandji jog likhi Nayanagar sun Bhimraj Puranchand ko juhar banchaosi aprench hundi naqad rupaiya 500 ke akhre rupaiya panch

so ke nemé rupaiya arahi so ka duna pura athe rakhya Bhai Kaluram Poosamal pas thi din tinsougunsath 350 pichhe sah jog rupaiya hundi chalan ka dijo. Sambat 1986 ka Katik Badi 11.

Daskat.

No. 3.—Chithi.

2510. Sidh sri Nayanagar subh suthaner Bhaiji Sri Bhimarajji Punamchandji jog likhi Todgarh sun Hazarimal Biharilal ko juhar banchaosi apranch rupaiya 500 akhre panchso hamare khate bhai Banechand Kisturchand Todgarhwala ne dijo aur rasid bharpai kara lijo. Athe saru kam kaj hove so likhaosi. Sambat 1986 ka miti Katik Badi 11.

Daskat.

No. 4.—Chithi.

2511. Sidh sri Nayanagar subh suthaner Bhaiji sri Bhimarajji Punamchandji jog sri Todgarh sun Hazarimal Biharilal ko juhar banchaosi apranch rupaiya 500 akhre panch so hamare khate seth Otarmal Chaturbhuj Ji ke khate jama karna rasid likhane bhej dijo. Athe saru kam kaj hove so likhaosi. Sambat 1986 ka Katik badi 11.

Daskat.....

Supplementary memorandum.

MEMORANDUM NO. 2642, DATED THE 29TH OCTOBER 1929, FROM RAI SAHEB KISHEN LAL, EXTRA ASSISTANT COMMISSIONER, MERWARA. TO THE COMMISSIONER, AJMER-MERWARA, AJMER.

2512. I beg to note that so far as information can be had from this office it may be observed that no enquiry seems to have been ever made regarding the indebtedness of the agriculturists in this Sub-Division, after Mr. Lupton's settlement of which there is a mention in his report. Paragraphs 57 and 58 of the Final Settlement Report deals with the subject of transfer and debt. A few extracts from paragraphs 18 and 19 of the Beawar and Todgarh Rate and Assessment Reports are given below which will furnish an idea on the question for both the tehsils in this Sub-Division :—

Extract from Beawar Tehsil Report, paragraph 18.

2513. "But all the same the ordinary average villager is still miserably poor. I have myself gone into several of their houses, or rather hovels, both in Beawar and Todgarh. He possesses usually nothing more than the minimum amount of clothes, household chattels and agricultural implements all of which together would fetch very little and in very many cases the produce of his unreaped crops has been already eaten up by
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the doles received in advance from the village *banias*. Comparatively very few of them can afford to provide proper stalls and shelter for their cattle”.

Todgark Tehsil Report. Paragraph 19.

2514. “The Tehsil is heavily embarrassed with debt. Even in 1874 the whole population was in debt and their creditors leave the people a mere subsistence. The yearly liability of the cultivator of the Tehsil for interest on mortgage debt only appeared to be Rs. 1,53,982 which is nearly $2\frac{1}{2}$ times of the Government revenue which was surprising and appalling. The effect of it was apparently to leave the cultivators if they paid in full the Government revenue and the interest, a sum of Rs. 1,51,455 only per annum to be divided among 20,401 of them, a sum just only sufficient to recoup them for their actual labour, seed expenditure, etc. The above figures are said to relate to an average year, the position therefore in a bad year and the accumulative effect of a series of bad years can be imagined. But the fact is of course that the nominal annual interest charges are probably as a rule seldom satisfied in full, the creditors having to be content with what they can safely take from time to time consistent with leaving the debtors enough to keep them going”.
2515. “But unfortunately in this tract bad and poor years come so frequently that any permanent extrication from debt seems hopeless under present conditions. The unpaid interest charges are of course lumped by the creditors on to the original debt, and unless good years have predominated, it must be expected that the amount of debt being already beyond the ordinary means of the debtors to liquidate, would gradually increase”.
2516. The present state as compared with the years 1874, 1881, and 1914 is given in the statement on the next page.

Period.	Area.	Mortgage debt.	Period.	Area.	Purchase money.
Land under mortgage at the time of Mr. Latouche's Settlement (1874).	Beawar 5,541 acres. Todgarh 8,430 "	Ra. 1,68,624 6,41,401	Sold during the settlement of Mr. Latouche, 1874.	Beawar 2,325 acres. Todgarh 459 "	Ra. 47,797 73,557
Total	13,971 "	8,10,025		2,784	1,21,384
Land under mortgage at the time of Mr. White-way's revision (1884).	Beawar 6,581 "	2,33,320 1,762 Mds. grain.	Sold during the settlement of Mr. White-way, 1884.	Beawar 2,084 " Todgarh 506 "	73,973 45,933
Total	14,657 "	7,83,407 2,076 Mds. grain.		2,590 "	1,19,906
Land under mortgage at the time of Mr. White-way's revision (1908).	Beawar 10,856 " Todgarh 12,581 "	Not collected. Do.	Do., 1908	4,373 " 2,387 " 6,760 "	Not collected. Do.
Total	23,437 "				
Land under mortgage at the time of Mr. White-way's revision (1913-28).	Beawar 10,048 " Todgarh 3,601 "	6,82,990 6,23,115	Do., 1913-28	Beawar 3,178 " Todgarh not collect'd.	6,02,802
Total	13,649 "	13,06,105		3,178	6,02,802

NOTE.—(The figures for 1913-28 are based on the registration records.)

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2517. From a perusal of the above comparative statement it would appear that the amount of loan on mortgages and sales has comparatively increased and such is also the condition of other debts.

2518. Even assuming that the above figures may include areas of land which might have been subjected to transactions more than once and some area might have been redeemed and a deduction of 25 per cent. is allowed, the area mortgaged and sold per year comes as below:—

Merwara Sub-Division.		Tahsil Beawar.	
Area mortgaged.	Value.	Area sold.	Value.
Acres.	Rs.	Acres.	Rs.
640	61,224	140	28,256

2519. In the absence of any data it is not possible to say how much of the said area is still under mortgage and to what extent it has been redeemed but from the tendency of the agriculturists their financial position and seeing the circumstances during the past years as depicted in the settlement report, it cannot be untrue to assert that the debt is on the increase.

2520. Though the co-operative movement is trying to have the mortgaged land redeemed and they have succeeded to a limited extent in this object, at the present stage I should say that it is in proportion of salt or sugar to food. Thus the remark of Mr. Lupton "that there is no hope of permanent extrication from debt on present conditions" seems still to hold good.

2521. The above idea is further confirmed by the following example of a village in which a summary enquiry regarding the present indebtedness of a village in Beawar Tehsil was made in connection with the replies to the questionnaire.

2522. An enquiry was made in a small village of 78 families named Andhideori, 4 miles from Beawar Town on the Beawar Masuda Road. The population of the village is 300, the majority of the cultivators are *Rawat* by caste, and the area of the village is 1,048 acres as under:—

<i>Chahi.</i>	<i>Talabi.</i>	<i>Abi.</i>	<i>Barani.</i>	<i>Other.</i>
40 acres.	53 acres.	120 acres.	87 acres.	748 acres.

2523. There are 21 working wells, one first class, and one third class tank, 157 cattle and 579 sheep and goats. The valuation of the property including land and cattle on the whole comes to Rs. 62,685.

2524. The total land revenue of the village including water revenue and cesses is Rs. 676 annually.

2525. The enquiry elicited that the whole debt of the village at present stands at Rs. 32,450 (in round figures) as detailed below:—

	Rs.
Indigenous money-lenders	24,797
Co-operative Society,	6,975
Takavi outstanding	678
Total	32,450

2527. The amount of interest on the total amount of debt at an average rate* of the different money-lenders comes to Rs. 5,346 per annum which is about 8 times the annual Government revenue (including water revenue and cesses).

2528. The total cost of outturn of the village on an average of last 5 years from all sources comes to Rs. 14,780 and according to the most economic family budget of an agriculturist as laid down in paragraph 13 *infra* the total expenditure of the 78 families comes to Rs. 14,118 per annum. Thus after incurring the most economic expenses the savings for payment of interest comes to Rs. 662 and as remarked by Mr. Lupton the interest and loans are accumulated and the local money-lenders are satisfied with what they get, leaving the accumulated loans as a permanent burden over the head of zamindars.

2529. Though the inference may not be strictly accurate for all the villages of this Sub-Division because there are other villages too which have got comparatively little debts in comparison with this, it still gives a rough idea of the heavy indebtedness of the Sub-Division for which according to the remarks of Mr. Lupton there is very little hope for extrication from debt unless special action be taken to have them settled up.

2530. Rate of interest prevailing in the Sub-Division amongst the various credit agencies are given below:—

Rates of interest—

(a) *Takari* loans, 6½ per cent.

(b) Co-operative societies, 8 to 12 per cent. per annum.

(c) Indigenous bankers and professional money-lenders, 12 to 24 per cent. per annum.

2531. Loans given in kind by the last agencies are issued at 25 per cent. to 50 per cent. for half year (or so to say 50 to cent. per cent. per annum), but such sort of loans very seldom remain unpaid after the expiry of the term for which they are obtained and in cases when such debts are not repaid at the expiry of the term, such loan including the interest in kind is converted into cash and further interest at 12 per cent. to 24 per cent. is charged on the gross sum.

Family budget of an agriculturist.

2532. There is no correct data to arrive at a very correct and accurate figure of the budget, the information given below is based on an average number of members in a family and the average area per family as given in the last Census and Settlement Reports:—

(a) Average no. of members of family	.	.	.	4
(b) Average area per family	.	.	.	2.84 acres.
(c) Outturn per acre	:	.	.	7.48 mds.
(d) Outturn for both the harvests on an average.	<div style="display: inline-block; vertical-align: middle;"> <div style="display: inline-block; vertical-align: middle;"> Cotton or other kind grain. </div> <div style="display: inline-block; vertical-align: middle; font-size: 3em; margin: 0 10px;">{</div> </div>			
				7.8 mds.
				28.32 mds.
				35.12 mds.

*Rate of interest is 18 per cent. per annum in case of money-lenders, 12 per cent. per annum in case of co-operative societies, 6 per cent. per annum in the case of *Takari*.

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(e) Consumption by the family members at an average of $\frac{1}{2}$ acres per head per diem	27 Mds. grain.
(f) Margin for guests, etc.	1.32 Mds.

Total consumption	28.32 Mds.
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(g) Production over domestic consumption— Rs.

Now remains the outturn of cotton or other kind amounting to 7.8 Mds. which can fetch Rs. 70 at an average of Rs. 9 per maund 70

Add 25 per cent. of the above as earnings by other sources such as milk, ghee, wool, etc. 29

Add other earnings by cart hire, slab, fuel, grass selling and labour 45 per annum as an av. rag.

Total 144

2533. The above gives a saving of Rs. 47 per family. It is only apparent because the factor of payment of interest which a family has to pay on debt cannot be overlooked in this estimate. Calculation of interest on the basis of rough enquiry in connection with the indebtedness of agriculturists in the Sub-Division has elicited that a family on an average has to pay as interest Rs. 68 per annum. On the whole it is thus manifest that a family is always on the look-out for some means to pay interest and something towards principal. Add to this the anxiety the family has to suffer on the occurrence of scarcity and famine which in the words of Mr. Lupton, the last Settlement Officer, are so frequent and occasional that a good year means only a slight reduction in the balances shown against the villager in his money-lender's account.

2534. Practically speaking there are no local industries in the rural area of the Sub-Division, individual local people such as *telis*, carpenters, and blacksmiths occupy exactly the same position in a village as an agriculturist. Thus there is only one class. The precarious condition of the District hardly allows any individual to prosper and have surplus to keep back. The money-lenders in villages are not considerably in a better position than their clients, i.e., agriculturists. There are no credit agencies to afford facility of loan to money-lenders. The agriculturist thus suffers much difficulty to obtain loan in times of need. The money-lender, small sources as he has, hesitates to give loan for fear of losing. The co-operative societies have confined their operations to their members. The agriculturists as they are under the impression that *takavi* loans can be had only in times of industries do not resort to such loans freely. Thus the agriculturists who are not the members of a co-operative society, for any reasons known to them, do not wish to come in the arm of the co-operative movement and whose resources are scanty do not get the necessary credit when they stand in need of it.

2535.

Family Budget of an agriculturist in Merwara Sub-Division.

(Vide paragraph 2532 above.)

Income.		Expenditure.	
	Rs. a. p.		Rs. a. p.
Grain 28·32 mds. at Rs. 4	84 0 0	Consumption for food grain of 4 members at $\frac{1}{2}$ seers per head per day with a margin for guests, etc., during the year, 28 Mds. 13 seers.	84 0 0
Cotton or other kind 7·8 mds. at Rs. 9	70 0 0	Payment of revenue to Government annually	7 0 0
Other income at Rs. 25 per cent. of the above from milk, wool, ghee, etc.	29 0 0	Other recurring expenses such as those incurred in child birth and festivals, etc.	20 0 0
Other earnings by cart hire, slab, fuel or grass selling (at an estimate)	45 0 0	Purchase and repair to agricultural implements	5 0 0
		Purchase of seeds	15 0 0
		Charas, manure, shoes and payments to menials	20 0 0
Total	228 0 0	Oil, spices, etc.	6 8 0
		Clothing expense	24 8 0
Saving 47 0 0		Total	181 6 0

Khan Sahab ZAHUR MASIH, Deputy Magistrate, Kekri.

2536. 1. As too short a time has been given for furnishing replies to the Questionnaire, it is impracticable to attempt to give an estimate as accurate as possible of the existing indebtedness of the agricultural classes as desired. It may, however, be suggested that such an estimate may be reached by arranging the deputation of a whole-time officer, for a reasonable period, with the necessary Revenue staff at his disposal, to ascertain the actual indebtedness of these classes on the spot. The process would be lengthy and laborious and unless and until a separate officer is set apart for the purpose, the intended aim could hardly be reached.

2537. 2. The market rate of interest charged by the big money-lenders, or *sahukars* in the town of Kekri to various borrowers is Re. 1 per cent. per month but that charged in the villages by the petty money-lenders mainly from the agriculturists ranges from Re. $1\frac{1}{8}$ to Rs. $2\frac{1}{8}$ per cent. per month. The minimum possible rate of

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interest is -/12/- per cent. per month the levy of which mainly rests with the solvent condition of the borrower. The more the borrower is solvent and a prompt payer the less would be the rate of interest charged.

2538. The interest is generally calculated at the close of the repayment period and when once the accounts are squared up by a money-lender, the balance so struck would generally include the previous accumulated interest and the principal sum. The repayment of debts from defaulters is only enforced by the decrees of the Civil and Small Cause courts in this Sub division.

2539. 3. The existing legislation and legal procedure do not seriously affect the provisions of credit facilities. I think to give more facilities to the creditors in realising their debts, or to creating further facilities for the borrowers to borrow or repay, the period of limitation for the recovery of loan should be extended from 3 to 6 years as is the case in some Indian States. In this Sub division, where good and timely monsoon which is the dominant factor for reaping a good harvest is rather an exception than a rule, the extension of period of limitation would enable the agriculturists to repay the debt whenever there is good harvest during this interval.

2540. 4. I am dealing with the Kekri Sub-division. In the Ajmer District and here one does not find the replacement of small agriculturists by (a) bigger *zamindars* and (b) money lenders on a large scale owing to financial embarrassment.

2541. 5. Not as a rule. The Kekri Sub-division has a unique feature in this respect altogether different from the land Revenue system in vogue in other parts of the District. It comprises 58 *istimrari* estates each varying from net annual income of Rs. 1,00,000 to Rs. 2,000 having permanent settlement and paying a fixed land revenue to Government. All the inhabitants, agriculturists or non agriculturists on their estates are tenants-at-will and possess no proprietary rights in their respective holdings.

2542. 6. No such process is going on in this Sub-division.

2543. 7. No.

2544. 8. The money-lenders in this Sub-division are generally *mahajans* and they advance loans on the *khata* accounts and in exceptional cases on stamp deeds. The co-operative credit societies exist in a few villages and have their own method of advancing loans. They generally advance loans in cash, but the majority of the *mahajans* advance both in cash and kind. In the Kekri town it may be said that both moveables and immoveables are pledged and mortgaged in some cases. In the *istimrari* estates no mortgage of the agricultural lands or houses in the villages are permissible under the existing regulations; the creditors, therefore advance loans on the security of agricultural produce as well as cattle and ornaments if any, over and above the agricultural implements and bullocks necessary for the agricultural requirements.

2545. 9. The Usurious Loans Act is availed of in cases in which defendants invoke its help. But in cases in which debts are compromised by the parties, out of the Court, the Court has no alternative but to pass a decree on such terms as are agreed upon between the parties. The cases in which either exorbitant interest is claimed

or the principal mostly consists of previous arrears of interest at a very high rate, when brought to the notice of the Court, receive prompt action and requisite help is rendered to the defendants in such cases under the Usurious Loans Act. The main difficulty lies in cases in which the old accounts were made up and a fresh *khata* was executed for the balance so struck so as to show the whole amount as the principal sum borrowed anew and in cash, making no reference at all to the old account. Suits based on such accounts cannot be brought under the Usurious Loans Act and there lies no legal remedy to help the defendants in most cases. Hence the free use of the Act depends more upon the defendant than on any legislation.

2546. 10. In this Sub-division I would suggest that the following legislation should be of great advantage to the illiterate agriculturist borrowers. Loans above Rs. 50 advanced to an agriculturist by a money-lender should not be recognised by the Courts unless the bond is registered and as regards those below Rs. 50 the *khata* entry should not be recognized unless the payment is attested by a village headman or a *patwari* of the village concerned.

2547. 11. There are no arbitration boards or village *panchayats* in this Sub-division.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

2548. 12. They obtain mostly from the *mahajan* money-lenders and in a few cases from the co-operative credit societies partly in cash and partly in kind. The rates of interest charged have already been noted. Loans are generally taken for a period of one or two years when no security is given and if security is given then according to the period allowed by law as the case may be.

2549. 13. They do borrow *takavi* when needed. *Takavi* loans are granted here generally in times of scarcity and famines only when extra staff for its distribution and for maintenance of accounts is kept. In order to enable the agriculturist to receive loans under the act more freely and advantageously I would suggest that some special staff should be provided in the tehsils for the purpose.

2550. 14. No.

2551. 15. Agricultural produce is mostly financed by money-lenders who charge a very high rate of interest owing to the non-paying habits of the borrowers. This defect can only be removed by the formation of credit societies.

2552. 16. No such estimate can be given for this Sub-Division which includes all *istimrari* area.

C.—FINANCE FOR MARKETING.

2553. 17. Kekri town is the main marketing centre in this Sub-division, for various crops.

2554. 18. The small agriculturists generally sell their products direct in the market but the bigger ones sell it through their *artias* (brokers) who usually charge brokerage at rates varying from -/8/- to Re. 1 per cent. of the sale proceeds. There seems no co-ordination among them nor does there appear any possibility for improvement in that direction.

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2555. 19. Previous to taking it to the market the agriculturists generally store their produce in store-rooms in their respective houses and bring it to the markets in bullock carts where they sell it then and there through the *mahajan* brokers.

2556. Yes. It is possible for them to obtain loans on the security of the grain so stored.

2557. 20. There seems no possibility of operating licensed warehouses in this Sub-division as most of the agriculturists are petty cultivators and they do not stand in need of such warehouses. The *istimrardars* have already got big godowns.

2558. 21. No such facilities exist here nor are they needed for petty cultivators.

2559. 22. During the process of marketing no such instruments are employed here.

2560. 23. There is no possibility of forming pools and of co-operative effort in the transporting and marketing of produce, as each cultivator has got his own cart for transporting his small produce.

2561. 24. No.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

2562. 25. Long term credit is appreciably in demand for (a) redemption of land, (b) payment of debt increased by compound interest, (c) marriage and other social occasions, (d) purchase of land.

2563. 26. To the landlords loans are obtainable to the extent of Rs. 50,000 or so but to the tenants of various kinds to the extent of the security furnishable by them and the amount of loan hardly exceeds Rs. 500 in individual cases.

2564. 27. Please see reply to Question No. 13.

2565. 28. The average value of land per acre of different quality is estimated as under in Kekri proper:—

	Ra.
1. <i>Chahi</i> per acre	600
2. <i>Talabi</i> „	300
3. <i>Barani</i> „	200

2566. 29. There are such impediments to mortgage of agricultural holdings in this Sub-Division mainly in the *istimrari* estates. In these estates the *istimrardar* is the land-lord and all tenants are tenants-at-will, having no proprietary rights in their holdings. They cannot, therefore mortgage their holdings as security for loans.

2567. 34. The value of land for mortgage purposes may be estimated to be twenty times the net annual produce of such land.

2568. 35. In such a case the loans may safely be advanced on the security of the land of the agriculturists with proprietary rights.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

2569. 38. There exist a few cotton ginning and pressing factories in this Sub-division besides other cottage industries, subsidiary to agriculture such as hand-spinning and weaving, shoe-making, reed work, etc., on a small scale. They have no suitable market here for cottage industries and hence financing them on adequate scale would be less profitable to the workers in view of the foreign competition.

2570. 39. Such industries could hardly be encouraged in view of foreign competition. The workers thereat are generally unskilled and their produce is coarse material and only used by the agriculturists.

2571. 48. The rate of interest charged to the urban classes, varies from -/8/- per cent. to Rs. 1-4-0 per cent. per month in the case of *mahajan* classes as well as other urban classes, according to status or solvency of the borrower. The *sahukar mahajans* generally advance loans. The establishment of a banking association would be useful.

2572. 49. No such industries exist here.

I.—INDIGENOUS BANKERS AND MONEY-LENDERS.

2573. 55. The *mahajan* communities only practise on a large scale as indigenous bankers and money-lenders here.

2574. 56. He does combine other business with banking. There is no money-lender who exclusively does banking and money-lending business.

2575. 57. Indigenous money-lender finances about 75 per cent. agriculturists by advancing seeds and grain for maintenance up to the harvesting time. In very rare cases these money-lenders deposit money in banks or invest in industrial shares.

2576. 58. There is no such organization.

2577. 60. Please see answer No. 56.

2578. 61. By borrowing from other big money-lenders.

2579. 26. On deposits, the *sahukar mahajans* allow interest at rates varying from 4 as. to 8 as. per cent. per month. The rates charged by indigenous money-lenders among themselves varies from 8 as. to 12 as. per cent. per month.

2580. 63. As already stated, the *mahajans* charge interest at the rate of Re. 1 to Rs. 2-8-0 per cent. per month from the agriculturists. These rates can be brought down by competition with a new banking institution. Such reduction in rates would be beneficial to the agricultural classes and would improve their economic condition.

2581. 64. Yes, there exists some prejudice against the indigenous money-lenders. The existing defect is their charging interest at an exorbitant rate, but their dealings are on sound lines.

2582. 65. The net return to the indigenous money-lenders who advance money to agriculturists may be estimated at as. 8 to as. 10 per cent. per month on their capital. In Kekri about two dozen speculators have failed since 1920 but none of the money-lenders who advance loans to agriculturists have failed and their business is steady.

2583. 66. They refuse loans mostly on account of the unacceptable nature of the security offered.

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2584. 67. *Hundis* and postal insurance are the main existing facilities for internal remittances. Supply bills are not used here as there is no bank or treasury.
2585. 68. The money does not flow from one rural centre to another nor from rural centre to urban centre during any season of the year.
2586. 69. No.
2587. 70. The fluctuation of the *hund*i rates is from 6 as. to 8 as. per cent. and the Imperial Bank rate affects them to the extent of variation of the Bank rates.
2588. 71. Yes.
2589. 72. The existing facilities are adequate.
2590. 74. As a rule every innovation meets opposition in the beginning but in due course this class of money-lenders would adapt themselves to any measures which may be introduced to regulate their operations.

J.—INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

2591. 79. Only one per cent. of the agriculturists here can be expected to have a surplus income over their necessary expenditure. Such a surplus cannot be expected to be more than Rs. 10,000 a year.
2592. 80. Agriculturists in this Sub-division are mostly poor, and an estimate of the actual capital saving cannot be more than Rs. 10,000 a year.
2593. 81. People of India are generally habituated to invest their money in silver and gold in the form of ornaments, an estimate of the amount of gold and silver brought in the Kekri Sub-division, since 1913 can roughly amount to Rs. 10 lacs. This purchase was generally made by *istimardars* and *mahajans* for their ornaments. The habit of hoarding is decreasing. No estimate for hoarded wealth can be given.
2594. 82. The people in this Sub-division are mostly agriculturists and have a little surplus money, which they generally invest in ornaments or spend in marriages and *mosar* ceremonies.
2595. 83. In rare cases, and at the usual rate of interest charged in this Sub-division.
2596. 84. People here are quite ignorant of the use of cheques.
2597. 85. Yes. It may be attributed to the fact that people have less confidence in the honesty of the management of the banks. The failures of many banks have created suspicion in the minds of the public who prefer to make ornaments rather than invest the money in a bank.
2598. 86. Yes. By increasing the rate of interest thereon.
2599. 93. The establishment of such branches has proved to be very useful to the mercantile community.
2600. 94. Only accumulation of hereditary savings are the main resources of the indigenous money-lender.
2601. 95. Kekri.

**Mr. BANWARI LAL MATHUR, F.R.E.S. (London), Inspector of
Co-operative Societies, Ajmer-Merwara.**

Replies to the Questionnaire.

2602. Before replying to the Questionnaire it is necessary to make remarks about the peculiar conditions of the district and the natural disadvantages it suffers from. The total area of the district is about 2,711 square miles and is divided into two divisions Ajmer and Merwara. In Ajmer plain country is the rule and hills the exception, while in Merwara the opposite is the case. But the place being beyond the full influence of the monsoon, scarcity of water is often felt. In Ajmer when the beds of the *nalla* are sandy a sufficient amount of water is absorbed during the rains to supply the wells, but they can only be profitably dug during a short distance from the stream. In the Nasirabad circle which consists of Ramsar, Rajgarh and Derantu Circles and Kekri Sub-Division there are a good many shallow tank dependent on rain fall. In Ramsar *pargna* there is much salt and in Rajgarh the villages have light and sandy soil. In Berantu besides some good tanks there is good well-cultivation. Kekri sub-division is all *istimrari* where the cultivators are tenants-at-will and are at the mercy of the *istimrardars*.

2604. The agriculturists here are quite illiterate being too poor to spend anything on education and only the *mahajans* take advantage of the schools. They are quite ignorant even of the selections of the seed and use of good manure and improved implements as they have not received proper education to suit their requirements. Holdings of cultivated and fallow land are 5 or 6 acres in Ajmer and even less in Merwara and Todgarh.

2605. Transport facilities are improving but there are no development departments to ameliorate the condition of agriculturists. Dispensaries too are very few and far between and in times of malaria and epidemics a severe loss is caused to the agriculturists.

2606. Last but not least the subordinate officers in Courts are never sympathetic towards this class with the result that the money-lenders bleed them white.

2607. In short, the cultivating classes of this district as described in different settlement reports are "Docile, ignorant and debt-ridden, their wants are few and that very often many".

2608. To reach an estimate of the existing indebtedness of the agriculturist classes in my circle, there are about 18½ lacs due from the co-operators both to the societies and the money-lenders. The society members form 3 per cent. of the population but ½th of the population of this part is agriculturist taking 3 per cent. to be free from debt. The whole debt must be approximately 4 crores of rupees from this class of people. Of this about ½th must be secured either by a registered mortgage, by a simple bond or on the general security of crop and produce. Of this about ½th must be secured by registered mortgage and the remaining ½th is secured by a simple bond, as in *istimrari* areas, land generally belongs to the *istimrardar* and the tenant cannot transfer it by registered mortgage, he only does it privately on simple bond.

2609. The main causes for which this debt is contracted are:—

- (1) marriages, funeral and other social occasions, (2) famine and other kinds of distress, e.g., epidemics, (3) growth of debt by compound interest and (4) purchase of cattle.

Mr. Banwari Lal Mathur.

2610. There are a few persons who own more than the economic holdings and the debt due from them is higher than from those who own less.

2611. This debt is largely due to the high-handedness of the professional money-lenders.

2612. There are the following classes of creditors who deal with the people, namely, (1) Government who advances *takari* loans at 6½ per cent. Recoveries are made on each crop. Instalments are fixed adding interest beforehand. (2) Co-operative societies which advance loans at 12 per cent. interest. Interest is recovered on each crop first, but the outstanding interest is not added to the principal. (3) Professional money-lenders, generally charge 18 per cent. and calculate interest, except in rare cases, every half-year adding it to the principal. They also take produce on *bahra bhao*, i.e., a bit cheaper than the market rates. They also charge *kata* varying from 5 to 10 per cent. while advancing loan. (4) Government officials who generally charge 15 per cent. and also charge food and expenses of going and coming to and from the village. (5) Pathans generally charge 75 per cent. interest and try to extort it every month by forcible means.

2613. 3. The existing legislation has not gone far enough to provide credit facilities. In my opinion the old debts of the money-lenders which are not audited should be settled through insolvency courts and the co-operative societies should then be encouraged and organised.

2614. 4. There are no such bigger *zamindars* but professional money-lenders are taking possession of the lands sometimes and the real owner is becoming his tenant.

2615. 5. This is being done in several cases.

2616. 6. Yes: the incentive to produce more is being lost. The policy of the Land Alienation Act of 1914 should be strictly enforced and land given only to the more efficient cultivators instead of to a money lender in cases where it is essential to do so in the interest of agriculture.

2617. 7. There is no *zamindar* money-lender except the professional money-lenders who have come in possession of land. They extract personal services in rare cases.

2618. 8. Loans in kind are advanced generally on *sawai badi* on each crop, that is at 50 per cent. interest in kind; but this is easily repaid. But the cash loans although the rate of interest is lower are not repaid so easily.

2619. 9. The Usurious Loans Act of 1914 is not being availed of. Quarterly reports should in my opinion be asked for from the Courts as to its application or action taken on them.

2620. 10. Forms of accounts books should be prescribed and accounts audited annually.

2621. 11. There are no such boards here.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

2622. 12. (a) Finance is generally got in kind from the money-lenders who debit the cash value in *kata* and in case of a seed *sawai badi* is charged in kind. Interest charged is generally 15 per cent. besides *kata*. Rates vary from 18 to 36 per cent.

(b) Such loans are advanced at high rates after deducting above *kata*. Rates vary from 14 to 36 per cent.

(c) Such loans are given in kind only for maintenance from the shop of the money-lender when corn is cheap, and in cash when it is dear. Other needs are supplied in cash which is payable at the next crop and a condition is made in some cases that double the amount should be paid if he fails to pay in a specified time, and so on.

2623. The only difference between the rates charged from different classes of *zamindars* is that a higher rate is charged from poor persons and a lower rate from big persons.

2624. Co-operative banks and professional money-lenders play very important parts in financing the agriculturists' needs. Government advances *takavi* loans only in times of scarcity.

2625. 13. The cultivators do not freely take *takavi* loans as the process is expensive and troublesome. It should be given through co-operative societies.

2626. 14. It does not seem to be so. There is great scope for improvement in that direction.

2627. 15. Cultivators being uneducated are liable to be deceived by the money-lenders, hence the first thing is to introduce compulsory free education; secondly persons doing money-lending should get a license and forms should be prescribed and audit done annually.

2628. 16. It is difficult to give an estimate but about 26 lacs of rupees are annually required. The principle on which I estimate this is that about Rs. 90,000 were advanced to co-operators who may be taken to be $2\frac{1}{2}$ per cent. as some of them being defaulters are not advanced anything by the society. 72 per cent. are such as require loans hence about 26 lacs are annually required.

C.—FINANCE FOR MARKETING.

2629. 17. There is no important marketing centre in my circle except three small ones for cotton and grain at Bijainagar, Kekri and Nasirabad.

2630. 18. The money-lenders collect the produce from their clients at a bit cheaper rate and sell them to the agents of big firms at the towns mentioned above. There is no direct connection of any firm, bank, etc., with the cultivators.

2631. 19. The agriculturists does not store the produce in a true sense. he only collects it in the *kotha* and gives to his *bohra* when he comes to the village, by instalments as collection goes on. He makes a round in the village once or twice a week collecting the produce in this way.

2632. 20. If the Government assists the agriculturists in keeping the produce by financing, then the system can work. This should be tried as an experiment in some big cities.

2633. 21. Agriculturists should be financed when the produce is taken for marketing.

2634. 22. I have not come across such instances.

2635. 23. If the Government finances the agriculturists at a cheap rate of interest through the co-operative department, much can be done on this side.

2636. 24. Nil.

D.—LONG PERIOD LOAN FOR AGRICULTURE.

2637. 25. Yes, there is a demand for long term credit for (a), (b), (h), (m) of question No. 1 and (b) of question No. 12.

2638. 26. Long term credit is generally refused here and the money-lenders advance loans on strict conditions, to be repaid within a specified short time.

2639. 27. As in answer to question No. 13.

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2640. 22.

Kind of Land.	Average value per acre.	Average produce per acre.
	Rs.	Rs.
<i>Chahi</i>	250	13
<i>Talabi</i>	200	10
<i>Abi</i>	150	7½
<i>Barani</i>	50	4

(a) and (b) The quality of land and supply of manure and water is to be seen. Efficiency of the cultivator and his proper care also form an important part of this. Prices are lowered greatly as it is to be auctioned, so the purchaser does not make higher bids.

(c) Fair bargain can be had in this way.

2642. 23. No mortgage can be made for more than 20 years, but the money-lenders are shrewd enough to get a fresh mortgage before the period of the former mortgage ends. There should be a law that the land given on *baraskati* once to a money-lender should not again be given to him, his debt being cleared.

2643. 30. People are too illiterate to accept debenture bonds in this area. Education in banking principles is the remedy.

2644. 31. There is no such bank in my circle. There is one mortgage bank at Ajmer which perhaps advances loans on mortgages up to the extent of ⅓rds of the value of land.

2645. 32. Such institutions should be established with strict Government supervision.

(a) Directors should be taken from the agriculturists to be trained. Publicity and equality should be the principle.

(b) At least 4,000 shares of Rs. 25 each should be issued.

(c) It is better if the Government finances it till the public begin to realise the advantages.

(d) Loans should be advanced for long periods at cheaper rates. The proportion between the value of mortgage and the amount of loan should be 3 to 2.

(e) It should be obtained from all these sources.

(f) Debentures should carry Government security in the beginning both or principal and interest and after a period of 10 years only for interest.

(g) It is better if it is done so.

(h) There seems to be no harm in case they carry Government guarantee.

2646. 33. Local circumstances should be seen.

2647. 34. A committee of experienced persons having knowledge of revenue work should be appointed, who should see the estimated produce of the last five years and then form the estimate.

2648. 35. The land mortgaged should be taken charge of by Government by law till the loan is cleared. If the borrower defaults Government should have power to sell it.

36. Law should be amended so as to secure the object in (a), (b) and (c) above.

2649. 37. Co-operative societies should be established for this and loans given to them by Government at cheaper rate.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

2650. 38. There are no such small subsidiary industries except the poultry breeding society at Asapura which has not yet done any substantial work. There is also a small society of *Regars* at Dilwari who also cure leather. Government should encourage them by financing them. As was the view of L. Balkishen, previous Registrar, the money spent on famine relief may be better utilized in this direction.

2651. 39. Poultry-farming, garden produce, spinning, dairy farming, cattle breeding, etc., should be encouraged co-operatively.

2652. 40. They can be of great help: dairy farming, poultry-farming and gardening started through Government support or co-operative societies can be of great help to the agriculturists by increasing their connection with towns and cities.

F.—RURAL CO-OPERATION.

2653. 41. The co-operative societies in my area really do banking business and are improving the morals in addition to obtaining deposits, etc.

2654. 42. There are no such other banks in this area. The only popular provident and banking company recently started has practically come to a close now.

2655. 43. Members do not fully realise the societies to be their own institutions, education is what is necessary.

2656. 44. Co-operative banks cannot advance loan for long terms as the depositors may ask for the deposits at any time. The usual period for which deposits are received is 3 years. As regards short term loans the surplus in bank becomes high at the time of recovery causing loss to the central banks.

2657. All the small productive demands of the agriculturists (co-operators) are met with by the co-operative societies.

2658. 45. Above 2 lacs of rupees extra will be sufficient to finance this area.

2659. 46. There is no competition in this area.

2660. 47. No more financial concessions are required except that Government should provide finance for long term loans for special purposes at cheap rates of interest.

G.—NON AGRICULTURAL CREDIT AND INDEBTEDNESS.

2661. 48. I come in touch with the *Regars*, *Chamars*, *Khatiks* and sweepers of Nasirabad Town and I find that the rates of interest charged from varies from 37½ per cent. to 75 per cent.

2662. There are no other banking facilities for them but the co-operative societies, which finance them in times of need. The load of that on them is very high but it is being now gradually reduced.

2663. 49. Leather trade, shoemaking, taking of contracts of building and of *shahar-safai*, by the sweepers and starting of poultry farming can be of great benefit. Government help is necessary to finance them at low rates of interest during the process of production and marketing. Co-operative societies are trying to help this to some extent.

2664. 50. There are no societies of small traders, but *Regars* who deal in leather are being financed. The proper wants of the members are being financed by the co-operative movement.

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2666. 51. Credit, better-living housing and arbitration are the kinds of societies specially required in the urban areas.

2666. 52. I have already said that there are no important *mundis* here except three small ones at Kekri, Bijainagar and Nasirabad which are not of great importance as the province is too small.

2667. 53. Yes; I agree and suggest that a co-operative wholesale and supply society should be established with branches at different central places. These will save the producers from losing the real profit which goes to the middle-men.

I.—INDIGENOUS BANKER AND MONEY-LENDER.

2668. 55. A few Saraogi firms practice indigenous banking, and money-lending is done by different communities mentioned elsewhere.

2669. 56. They do *handi* business and have also got shops of cloth and grain in which they deal. There is none who lives on money-lending or banking solely.

2670. 57. The money-lenders help in financing agriculture to a great extent and they also help in financing trade and industries. Private firms help in financing these money-lenders.

2671. 58. There is no such bank in my area only private firms do this business.

2672. 59. There are two kinds of *hundis*, i.e., (1) payable on sight, (2) payable after a specified time only. I have not come across other credit instruments used by these firms.

2673. 60. These firms grant short term loan on the security of goods or property on such terms as local circumstances and the dealings of the borrower allow.

2674. 61. They keep some fluid resources to meet this and in case of longer demands they borrow from the neighbouring shopkeepers or firms. Village money-lenders advance loan in times of sowing and raising the crop, and the town banker advances loan when he sells his corn, etc. The town banker takes the money from him (village money lender) when the crop is sold and recovery is made by him. Thus each supplements the other. It is difficult to form an estimate in such a short time.

2675. 62. These firms give interest at rates varying from 3 to 6 per cent. on deposits. Yes; when the demand for money rises rate of interest also rises. There is no fixed rate; it varies under different circumstances.

2676. 63. There is no direct dealings of these firms with the agriculturists.

2677. 64. These indigenous bankers deal with the petty money-lenders. Their dealings are generally fair except in some special cases.

2678. 65. It is difficult to give this in such a short time. I do not remember such instances but their business is generally declining.

2679. 66. They have sometimes to refuse for want of working capital but they mainly do refuse on account of unacceptable nature of the security.

2680. 67. Except these two, there are no other facilities in this rural area.

2681. 68. In this account *hundis* are generally used. Yes; the money flows from one rural area to another and from the rural centre to the urban. *Hundis* are discounted according to local circumstances.

2682. 69. In this area I do not think there is a large amount of money lying in the hands of indigenous bankers.
2683. 70. In times of scarcity of money value of *hundi* falls and *vice versa*.
2684. 71. I think so.
2685. 72. Since this is a rural area they can only be of service when the rural population is educated.
2686. 73. It should be properly organised under the supervision of the Government.
2687. 74. They will take it ill but it is necessary in the interest of justice and fair play.
2688. 75. I have no suggestion to make.
2689. 76. I have no suggestion to make.
2690. 77. A local bank with a local directorate with which the indigenous banking system is connected should be established, which in its turn may have connection with the central money market; the indigenous banker may represent himself through local elected directors. This local bank should serve as a pivot on which this business may move instead of competing with indigenous bankers who may become its members.
2691. 78. I have nothing to say as it is not greatly in vogue here.
2692. 79. There are about 2 per cent. agriculturists who have got surplus over necessary expenditure. It is difficult to do so in such a short time.
2693. 80. I am sorry.
2694. 81. This is general. Lot of money is spent in gold and silver. Tendency towards hoarding is decreasing now.
2695. 82. The money as soon as received is either taken away by the creditor or wasted by agriculturists in drinking, etc. If the creditors are a bit slack, co-operative societies try to take the deposits from the members by giving preference to their deposits by allowing increased rates of interests. Thrift societies also encourage savings by giving good rates of interest. Insurance companies also help in this direction to some extent although they are not so beneficial in the long run if the members survive.
2696. 83. There are no such instances here except in one or two cases in my circle.
2697. 84. It is only among the educated communities and not among the agriculturists.
2698. 85. Yes; it is of very slow growth because banking system is of recent growth here and the members have not become familiar with it.
- (1) Post Office Savings Banks.
- (2) Co-operative societies, are the main institutions for encouraging savings which are open to public. Post Office Savings Banks are not available in all places and co-operative societies are.
2699. 86. A few people resort to postal cash certificates because these are not sufficiently known. Salary-earners resort to Post Office Saving Banks not the agriculturists; because they are neither within their easy reach nor have they got money to do so; and those who have got savings invest in the village by advancing to agriculturists as they can get a higher rate there.
2700. 87. I have nothing to say in this connection at present.

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2701. 88. They may form partnership and invest their money in any business organisation and get profit on it. Dividend in thrift societies is not interest.

2702. 89. I have nothing to say to it.

2703. 90. People are not so educated as to take it up.

2704. 91. There are no such cases here in this rural area.

2705. 92. First proper education in 3 R's and the right sort of education in their profession are necessary and then Government propaganda can be of some use as they will have some savings by doing agriculture on right lines and getting increased production.

2706. 93. There is one branch of this bank at Ajmer; but none in my circle. The town public is taking advantages of interest and also of loan by giving good security.

2707. 94. (1) Imperial Bank at Ajmer.

(2) Post Office Savings Bank.

(3) Government.

(4) Co-operative societies.

(5) Money lenders (a) Pathan (b) Official (c) Mahajan.

2708. Only co-operative societies are easily accessible but people lack in education and they are also of great help to the people. Government help in reducing the rate of interest on big long term loans is required to make it adequate.

2709. 95. There should be at least one Post Office Savings Bank within a radius of 4 miles. Co-operative credit banks are necessary in all places, one mortgage bank may advantageously be established at Nasirabad. There seems to be no scope for a joint stock bank in this area.

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2710. It will serve some useful purpose if a brief history of the past agricultural indebtedness is given from the different reports of the settlement officers and other official authorities, which have been reviewed in the following publications and reports:—

1. Paragraphs 175, 202, 204 to 206, 208, 214 and 220 of Mr. Latouche's Settlement Report of 1875.
2. Paragraph 82 of Mr. Whiteaway's Settlement Report of 1887.
3. Pages 113 to 116 of Mr. Tucker's Report on famine in 1908—10.
4. Paragraphs 47, 57, 58 of Mr. Lupton's final Settlement Report of 1910.
5. Page 48 of Ajmer District Gazetteer of 1904.
6. Paragraph 22 of Sir Leslie Porter's Note on the Ajmer-Merwara Settlement, dated 27th March 1910.

2711. The local Government has admitted in their letter No. 443, dated 3rd May 1912 to the Government of India that "These reports prove that the indebtedness of the agriculturists in the district has been steadily growing since 1874, figures are not available for the period prior to 1874, but it is clear in paragraph 175 of Mr. Latouche's

Settlement Report that a heavy burden of debt is not a new feature of these districts but conditions have been similar in nature, if not in degree, ever since 1836."

2712. Mr. Latouche stated in paragraph 205 of his Settlement Report that the mortgage debt alone which existed in the district was sufficiently appalling, amounting as it did to Rs. 11,55,437. This refers to the position in 1874.

2713. Ten years later Mr. Whiteaway reported that the area of lands under mortgage had risen from 26,532 acres to 30,319 acres. In 1908, after a series of bad seasons the area under mortgage had advanced to 46,664 acres, while at the same time, no less than 18,389 acres have been sold in 24 years between 1884 and 1908. The amount of the mortgage debt in the whole district is not exactly known but it is probably at the present time not less than 18 lakhs. Writing of the money-lenders Mr. Watson wrote in 1904 as follows in Ajmer-Merwara Gazetteer:—"Years of famine gave an opportunity to the grain dealers to secure what otherwise would be bad debts. There is always a large amount of unsecured debt which has descended from father to son, a hungry man is not over-cautious as to what he puts his name to and the grain dealers find their opportunity in the necessity of the cultivators who if they require food are obliged to sign bonds or mortgage their lands for the full amount which the grain dealers state is due to them. It is estimated that more than half of the agricultural land has permanently passed into the hands of money-lenders and a very great portion of land still in the hands of agriculturists is mortgaged. Probably 95 per cent. of the Merwara agriculturists and 80 or 85 per cent. of Ajmer are heavily involved in debt. In 1919, Mr. Calvert's enquiry into the question of money-lenders showed that their profits by money-lending came to 16 lakhs of rupees. The number of persons depending on money-lending has more than doubled itself since 1901."

2714. Annual reports on the working of the co-operative societies in the district of Ajmer-Merwara for the year 1918-19, page 18 will also furnish information on the subject.

2715. Enquiry of 1918 regarding 10,779 co-operators gives an average debt of all kinds of Rs. 379 per co-operator which is mentioned in "Punjab Peasants in Prosperity and Debt" by Mr. M. L. Darling, I.C.S. In Beawar the indebtedness of all kinds at that time was Rs. 349 per co-operator, while in Ajmer and Todgarh it was Rs. 378 and Rs. 340 respectively which shows that the highest amount of debt is in Ajmer and next to that comes Beawar while Todgarh has the lowest figure. The reason for this is not too far to seek. This is due to the fact that the average holding in Ajmer, Beawar and Todgarh Tehsils is 5 to 6 acres 2.84 and 1.26 acres respectively. This shows that the larger proprietor is more highly indebted than the smaller, also that debt follows credit. If we take it for granted that the same average is applicable to all agriculturists, it will not be unreasonable, because this average is based on an enquiry including people no less than 10,779 in number, residing in all parts of the district and including all castes and status and is therefore a more reliable data than any other assumption. One co-operator represents a family of 4 or 5 persons as according to the Census Report, 1921, a family consists of 4.08 persons. My estimated figures of existing agricultural indebtedness are worked out as follows:—

2716. *Ajmer-Merwara*.—Debt of 379 agricultural families (which, are about 61,000 souls)=Rs. 2,31,19,000. There is no data of any enquiry available.

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2717. In the Beawar Tehsil an average loan per co-operator (i.e., one family) is Rs. 382 according to the figures of the *Had-i-Qarra* register for 1928-29, which shows no appreciable difference between the two figures.

2718. I would suggest that special enquiry by deputing a special official must be made after every 10 years, so as to suggest remedy if the situation demands at any occasion, otherwise it is just like working in dark, in an unintelligent way not knowing the real situation.

(a) No information can be had from revenue record or other sources regarding this.

(b) This does not arise as no such Act is in force here.

(c) No information is available in this respect.

2719. Debts are generally incurred for the following purposes :-

- Purchase of land.
- Improvement of wells and *nadis*.
- Purchase of plough cattle.
- Redemption of mortgaged land.
- Fodder.
- Seed and manure.
- Agricultural implements.
- Weeding and miscellaneous charges.
- Payment of revenue rent.
- Trade.
- Repayment of old debt.
- Marriage and funerals.
- Buildings.
- Milch cattle.
- Maintenance.
- Miscellaneous.

2720. All borrowers are small peasant proprietors; none owns 100 or over 100 acres of land in this Tehsil. Nor does any one own an area over the size of an economic holding.

2721. Civil courts should not recognize suits for loans advanced for unproductive purposes by legislation. Extravagant social customs should be prohibited by law. Creditors are the following :-

2722. Government, co operative societies, professional money-lenders and *zamindars*. Indigenous bankers and other people to a small extent.

2723. 2. The following rates of interest are charged by the different agencies :—

Government, at 6½ per cent. per annum.

Co-operative societies, from 8 to 12 per cent. per annum.

Indigenous bankers and professional money-lenders, from 12 to 36 per cent. per annum.

Loans advanced in kind by money-lenders and *zamindars*, 25 to 50 per cent.

Co-operative societies charge simple interest. Interest is charged by societies for days.

Professional money-lenders and indigenous bankers charge compound interest by adding interest if that is not paid also they deduct *kata* at 5 per cent. when they advance loan generally, i.e., they advance Rs. 95 and debit Rs. 100.

2724. They charge interest for full month even if a day more passes after a full month.

2725. In case of loan in kind 25 per cent. is charged as interest in kind for six months, or part of six months.

2726. Government charges simple interest on the amount advanced for the number of years over which instalments are spread. In case of default, no interest is charged, though there is a provision to charge it with the sanction of the Commissioner.

2727. 3. Lengthy, expensive, and tedious procedure of civil courts in giving decrees and their ineffective execution, law regarding registration of deeds, etc., stamp act, law regarding recovery of debt like arrears of land revenue affect adversely to a great extent. Absence of regulation of accounts affects adversely. Also law does not discourage loan for unproductive purposes to the extent it ought to do. Civil law in this respect should be amended so as to minimise these defects, regarding delay, expenses, and ineffectiveness. Registration Act should be amended so that compulsory registration should be only necessary for property valuing Rs. 500 in place of Rs. 100 as at present. Stamp fee and court fee should be reduced. Law regarding recovery like arrears of land revenue should be amended so as to allow auction of land. Section 19 of the Co-operative Societies Act should be amended on the lines of Bombay Co-operative Societies Act. Tenancy Act should be passed bestowing fixity of tenure and freedom to sell like occupancy tenants and reducing the rent payable to landlord in *isthmari* area. Panchayat Act should also be introduced and the law holding the estates of deceased *istimrardars* not liable to their debts should be abolished.

2728. The following methods for enforcing repayment of debts are adopted by the following agencies:—

Government.—Recovers on harvest through Revenue officials and *lambarbars*. If borrower fails to repay, *dastak* is issued, if that too is proved to be ineffective, the possession of the land is taken and amount is recovered from its produce, when whole amount is recovered, the land is given into the possession of the borrower.

Co-operative Societies recover through *panchayat* on harvest according to instalment fixed in bond and revised at the time of each harvest. If the borrower fails he and his sureties are proceeded against but if circumstances demand, before this step is taken, extension is granted by the committee. Award of arbitrator against the defaulter is presented in the civil court for execution like a decree of the court. The Government has also given power to recover dues of the society from defaulter, like arrears of land revenue, but that has not proved to be effective and useful.

2729. Money-lender recovers in cash, or kind amicably. Failing this sometimes he gets a new bond executed for principal and interest calculated thereon. If he fails to recover amicably, he resorts to civil court by filing a civil suit claiming the amount of principal, interest and costs. After obtaining decree against the borrower, they present the same for execution. In exceptional cases, the judgment debtors are sent to civil jail.

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2730. 4. (a) No.

(b) Not on a large scale. It has been checked by the Land Alienation Act to a great extent. It should be checked by further restrictions; the holdings are small and transfer on a small scale even would effect the small peasant proprietor and agriculture.

2731. 5. All lands which are being sold to money-lenders and agriculturists are being sold for old debt. The process is in progress, though on a limited scale.

2732. 6. The process as above remarked exists on a limited scale. It takes away from the actual cultivator the incentive to produce more or cultivate his land in a more efficient way or better manner. It can be checked by legislation, by disallowing transfer of land to non-cultivating classes

2733. 7. No such custom exists here.

2734. 8. The village money-lender advances loan in cash and charges *kata* at 5 per cent. which he deducts from the amount advanced. He adds interest to principal if that is not paid after a year or so, when he strikes balance. He counts days as months though there be a day over a full month. In case of a loan in kind, he charges 25 per cent. for the period up to the next harvest whether that be a month or two or three up to six months. If on harvest that is not paid, he adds the interest to principal and sometimes charges 50 per cent. on that amount, but that is done in rare cases. In case of loan in kind by agriculturist the same custom is followed. *Rahti* system is not prevalent except on an insignificant scale by Kabuli Pathans. They lend money to men of no means and charge interest at exorbitant rates on promise to recover on certain date and failing that date to pay more than the amount advanced and interest thereon.

2735. 9. At present it is not being availed of to any appreciable extent; it is considered to be a dead letter. I would suggest that courts should make it a point that every defendant should state in his statement (*Jawabi-Dawa*) whether he wants any action taken under the Usurious Loans Act: if so desired by the defendant the court should get the accounts examined by a competent official of the Co operative Department. The accounts should be examined even from the first dealing if desired by the defendant. A special report on the working of the Usurious Loans Act should be included in the annual reports on the administration of civil justice, which should be reviewed in the annual report on the working of the co-operative societies

2736. 10. Law for the regulation of accounts should be enacted on the lines of the Punjab Money-lenders' Bill and British Money lenders' Act.

2737. 11. There are no such boards or village *Panchayats* in the district and it is necessary to have such *Panchayats* by the introduction of the Village *Panchayat* Act.

2738. 12. (a) The agriculturist obtains finance from village money-lenders in cash as well as in kind. Interest on cash varies from 12 per cent. to 36 per cent. He deducts *kata* at 5 per cent. at least and charges compound interest if interest is not recovered after six months. Loan in kind bears 25 per cent. interest for a period from one month to six months. He also mortgages his land as security and pays *ghugri* on that, keeping the land in mortgagor's possession. Rate of interest and other conditions differ according to credit of the borrower and his

need. The money-lender takes advantage of the nature of need. When he advances loan for marriage he gets some amount over and above the interest. Similarly in case of *mosar* (funeral feast) which is followed as a time-honoured custom, the money-lender will not advance in hard cash, if grain, fodder and cattle are with him. He will charge the highest price for which loan is required and will give inferior quality. At the time of recovery he will receive produce and pay minimum price. He weighs the grain himself at the time of lending and recovering. Generally he does not give a receipt for the amount received, sometimes he keeps account in different *katas*. His accounts are not as properly kept as they ought to be. Bad seed and bad cattle and inferior fodder are sold to agriculturist on credit for good price. He combines the functions of (1) lender in cash and kind, (2) purchaser and supplier. He weighs himself all articles when he sells or purchases. He writes accounts and calculates interest himself. Co-operative societies finance for such purpose. In time of famine or scarcity Government advances loans under the Agriculturists Loans Act.

(b) The agriculturist is financed for these purposes by the money-lender, the co-operative societies and the Government under the Land Improvement Act.

(c) For such need he is financed by money-lenders and co-operative societies. This is a land of small proprietors and none owns 100 or over 100 acres of land. Replies apply to small proprietors and small cultivators only.

2739. No proportion can be given as to the amount of loan advanced in kind. It is a fact that if the money-lender has got the thing for which the agriculturist requires the loan, he will give that thing always and not cash. If he has not got that thing, then he will advance in cash.

2740. Rate of interest is generally the same for advances for (a), (b) and (c), period has no effect on it, only security of ornaments or of land affects it, and lowers it to a small extent, i.e., to 14 as. to Re. 1 per cent. per annum on ornaments and to Re. 1 to Re. 1-4-0 per cent. on security of land. Rates are exorbitant certainly. Co-operative societies charge interest at rates varying from 8 per cent. to 12 per cent. Government charges 6½ per cent. Different rates are charged for loans in cash and in kind, by money-lenders which are given in reply to Question No. 2.

2741. The Imperial Bank, joint stock banks, indigenous banks and bankers, merchants and dealers and other companies giving credit and trading in fertilizers do not play any part in financing agriculture for any purpose. Zamindar money-lenders finance agriculture to a little extent, that too in a few villages.

2742. 13. They do not borrow freely as the agriculturists are under the impression that such loans are granted in times of scarcity or calamity and applications are only then made for such loans. Steps should be taken to make the agriculturists better acquainted with the facilities it offers. The difficulty of coming to head-quarters of the tehsil from the distant villages is also a cause for not making free use of the *Takavi* loan. Decentralized credit organizations serve him the best in this respect. Part of allotment should be placed at the disposal of co-operative societies.

2743. 14. There exists some moral co-ordination between Government and co-operative societies though not in recognized form. No co-

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ordination is witnessed between other agencies, nor is there any scope for improvement.

2744. 15. The defects in the system of financing agricultural production are :—

- (1) Rate of interest is higher (with the exception of *takavi*) than the industry can pay.
- (2) It takes a long time to secure loan from central places.
- (3) Loan advanced in kind is not of good quality; the seed is rotten sometimes and does not germinate.
- (4) Weak and old cattle are given.
- (5) No arrangements exist for supply of good seed when loan for that is required and loan is advanced in cash by which bad seed from bazar is purchased by the agriculturist.
- (6) Money-lenders system of finance and account-keeping, his method of advancing loan and recovering, his doing the functions of lender, purchaser and supplier result in decrease of agricultural profit.
- (7) *Takavi* loans under the Agriculturists Loans Act are advanced in scarcity and famine only and not always.
- (8) Loans under the Land Improvement Act are also advanced in famine, though it is due to a misunderstanding.
- (9) The agriculture is financed by money-lender for earning the maximum profit he can get and not for rendering service to agriculture and country.

2745. These defects can only be removed by establishing co-operative societies throughout the district.

2746. 16. Estimates for whole of Ajmer-Merwara is :

				Rs.
(a)	..	..	..	16,00,000
(b)	..	..	..	1,00,000
(c)	..	..	..	1,00,000

The estimate is formed on the basis of the figure of loan advanced to 11,664 members of co-operative societies in 1915-16, which was a famine year. Average per member of the loan advanced during that year comes to Rs. 29/-.

2748. In 1923-26 which was also a famine year, average per member of the loan advanced during the year comes to Rs. 22/- but the average of Merwara, which was the only famine-affected area in 1925-26, comes to Rs. 26. The highest figure of Rs. 29 is raised to Rs. 30 for the sake of estimating the maximum amount of capital required.

2749. The agricultural population of the district is about 2,48,000 and the average family in rural area consists of 4.08 persons according to the Census Report, 1921. Thus the number of families comes to about 61,000. Hence the total amount required will amount to about Rs. 18,00,000. It has been divided in (a) (b) and (c) according to the proportion of such loans advanced in 1915-16.

2750. Capital available at present is sufficient for the purpose.

C.—FINANCE FOR MARKETING.

2751. 17. Beawar town is the only market in this Tehsil.

2752. 18. A cultivator brings his produce (cotton, wheat, barley, maize, etc.), in a cart to the town and proceeds to the shop of a commission agent. The commission agent generally makes the following charges:—

	Cotton.	Grain.
(i) Commission	Re. 1-0-0 to Re. 1-9-0 per cent.	1-0-0 to 1-9-0 per cent.
(ii) <i>Adda Datali</i>	Re. 0-10 0 per cent. ..	0-5-0 ..
(iii) <i>Dharmada</i>	Re. 0-1-0	0-2-0 ..
(iv) For sweeps	Re. 0-1-0	
(v) Water-man, etc.	Re. 0-1-0 ..	
(vi) <i>Mazduri</i>	Re. 0-8-0 ..	0-8-0 ..

The commission agent accompanies the owner to the bazar and arranges for its sale. After settling the rates, etc., the article is weighed down and the agent pays up the cost less its commission, etc., and himself arranges to recover subsequently. The charges vary from Re. 2 to Rs. 2/9/- per cent.

(ii) Besides this the money-lender purchases *jins* (commodity) in the village in his shop, or in recovery of his loan, or as a purchaser of small quantity, from those who do not bring their produce to market. The money-lender brings the produce thus purchased in the village to the buyer in the *Mandi*. He pays less commission than the agriculturist to the commission agent.

(iii) The co-operative sale union arranges to sell the produce of the members of co-operative societies on nominal commission of Re. 1 only for the whole produce which a member may sell during the year. The Union pays *Badhat* value of cotton which other commission agents generally do not pay to the agriculturists. In rate, weighing and calculation and *Badhat*, the agriculturist losses about 3 per cent. through other than co-operative agencies. There is no co-ordination between different agencies, nor does there seem to be any possibility of effecting improvement in this direction. The charges are shown above. No incidental charges are made except *chunckhas* of *Brahmans*.

2754. 19. (a) Mostly the cultivators keep the produce in their houses or *khals* and after threshing and winnowing bring into the market.

(b) There is no storing place in the market. The agriculturist brings his produce direct from his *khala* or house to the market to his money-lender or to the commission agent. If warehouses are built for storing the produce in the market as in the United States of America or on the lines of Egyptian scheme for cotton producers on the security of grain stored therein, credit can be obtained or co-operative societies for sale and co-operative commission shops can advance loans on the security of grain stored with them if warehouses and godowns are erected and built. The Co-operative Sale Union does so but to a very little extent as warehouses are not available.

2755. 20. It is desirable to establish such warehouses according to local conditions. Warehouses should be erected at Government cost. In the initial stages expenses of the staff should also be borne by the Government.

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2756. 21. There exists no financing facility for marketing. The facilities required are to advance money on the security of produce by establishing warehouses and to encourage co-operative marketing through co-operative institutions. In initial stages, the co-operative institutions organised for this purpose should be aided by the Government in different forms, viz., finance, erection of warehouses, staff.

2757. Charges incurred for obtaining information regarding market rates in foreign market and exporting centres.

2758. Internal trade does not require so many facilities but these are meant for external trade and if given will affect internal trade also. Egyptian scheme for loans on security of cotton is recommended.

2759. 22. No agriculturist ever consigns any goods to any place outside Beawar town and so no instruments of any kind are used for raising money. It is rare that an agriculturist or village money-lender deposits his produce with a merchant, on the execution of an agreement to the effect that it would be sold under the instruction of the depositor or at the will of the merchants or banker. The charges made are the rent of house and interest at -/12/- to Re. 1/- per cent. per annum. The town merchant raises money on railway receipts of the exported produce. There seems no difficulty as to the use of instruments, documents, for raising money, but the difficulty is that there are no warehouses properly run as in United States of America.

2760. 23. There are possibilities of marketing and transporting of produce on co-operative lines, by forming co-operative commission shops and co-operative sale societies.

2761. 24. Reduction of duty on bills will encourage the extensive use of bills in internal trade in rural areas.

2762. 25. Yes, there is appreciable demand for long term credit. Peasant proprietor and tenant both have demand for it.

2763. 26. Land mortgage bank and societies advance such loans for specific purposes. Government advances loans under the Land-Improvement Act for land improvement only. The extent of loan by both agencies is limited. There are no big land-lords in this Tehsil.

2764. 27. Agriculturists do not freely borrow *takari* under this Act for the following reasons:—

- (1) Lengthy procedure of granting loan.
- (2) Obtainable from Tehsil head-quarters only, hence expensive.
- (3) Rigidity in recovery.
- (4) Presence of other decentralized agencies.

2765. Such loans, through misunderstanding, are considered to be obtainable and grantable in famine and drought. This is due to want of propaganda.

Suggestions—

The agriculturists should be made better acquainted with the advantages of the borrowing under this Act through propaganda.

Part of the amount of allotment for co-operators should be reserved to be advanced to them through co-operative societies.

2766. 28. The average value of land in Beawar Tehsil is as below :—

			Rs. per acre.
<i>Chahi</i>	..	..	250
<i>Talabi</i>	..	..	200
<i>Abi</i>	..	..	100 to 150.
<i>Barani</i>	..	..	50 to 80.

2767. The rates vary with the quality of land. Ratio of yield to market value is generally as below :—

1. *Chahi, Talabi, Abi* = 1 to 8.
2. *Barani* = 1 to 4.

2768. The factors which affect value are: 1. locality, 2. fertility, 3. sources of irrigation, 4. quality of water, 5. nearness to market or railway station, 6. transport facilities, 7. other investments are not liked by the farmers.

2769. *Surplus* money with the *zamindar* gives him the impetus to purchase land even at dearer rates.

(a) and (b). There is no instance.

(c) All sales are through private negotiation. The above value is for private negotiation only.

2770. 29. The Land Alienation Act has restricted mortgages of agricultural holdings. It has no adverse effect. No modification is suggested except one made in reply to question No. 32 (d).

2771. 30. Owing to extremely precarious condition of the monsoon, the cultivator's indebtedness and his credit and his all-round backwardness, it is impossible to raise any money by means of debentures. If Government guarantee interest on debentures money can be raised.

2772. 31. There are 9 land mortgage societies and one land mortgage bank working in this Tehsil. They advance loans on security of land for redemption of land, liquidation of old debt and land improvement. They are financed by the Central Bank at 6½ per cent. They in turn advance loan at 8 to 10 per cent. to their members. Their capital is composed of share capital, loan from the Central Bank. No debenture is issued, nor is Government loan taken. Generally they advance loan for redemption of land.

2773. 32. As above stated there exist such institutions. Expansion of their activities is greatly needed.

(a) The management must be on co-operative lines with a Government nominee.

(b) According to local condition.

(c) No need of raising share capital by Government.

(d) Period of loan should be spread over 15 years and over but not exceeding 20 years as Land Alienation Act does not permit mortgage for longer period than 20 years. It is advocated by some that period should exceed 20 years but for that the Land Alienation Act should be amended.

(e) It should obtain working capital from (a) central institutions, (b) debenture bonds, and (c) Government.

NOTE: Deposits should not be received.

(f) Government should guarantee interest only on debentures.

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(g) Government assistance to land mortgage banks in the form of subscription to their debenture is desirable.

(h) The debentures of land mortgage banks, the interest on which is guaranteed by the Government should be added to the list of trustee securities.

2774. 33. Mortgage banks should raise money at cheapest possible rates and for longest possible period and should advance loan to members keeping margin of $1\frac{1}{2}$ per cent. over the borrowing rate to meet expenses. Debentures should be for a period of 20 to 25 years. Similarly Government and central institution loan should be taken for longest possible period.

2775. 34. The value of land offered for mortgage may be assessed at 25 per cent. less than the market value of the land

2776. 35. (1) In case of loans, the safest course would be to have the assets of the institution hypothecated in favour of Government with a margin of 25 per cent. of the value of assets, which the bank shall obtain in lieu of the amount lent to members

(2) In case of guarantee of interest on debentures by Government assets of the institution exceeding 25 per cent. in value over the total amount of interest guaranteed by the Government should be hypothecated in favour of Government.

2777. 36. (a) The following suggestions are made in this respect:—

- (1) All proprietary as well as tenancy rights in the land must be shown in revenue record up-to-date.
- (2) Joint holdings should be partitioned as far as possible. Proprietors should be made to realize the advantage of such partition. No loans should be advanced on joint holdings.
- (3) All transfers, permanent or temporary, with possession or without possession should be effected through mutation, as early as possible.
- (4) Changes found in *girdawari* of each harvest should be entered in mutation register and got approved by the revenue officers (Tehsildar or Naib Tehsildar).
- (5) The registration offices (Sub Registrars) should send intimation of all mortgage and sale deeds registered regarding land to the *patwari* through Tehsildars.
- (6) Other transfers effected through unregistered documents should also be mutated by the *patwari*.
- (7) *Patwaris* should supply information about the rights in land to any person, on payment of fee prescribed.
- (8) Some portion of the mutation fee levied should be paid to the *patwari*, this will induce him to enter all mutations. In the Punjab such portion is paid to the *patwari*.

(b) The mortgage bank should be authorized to apply for sale of land mortgaged in its favour if the amount is not regularly repaid by the borrower. The Collector on request of the bank should allow such sale. The present law of taking possession for 20 years will not have the desired effect.

(c) Extension of exemption from all cost of the kind, enumerated in this question is advocated, i.e., exemption from registration fee and income-tax.

2778. 37. Long term credit may be provided by co-operative banks in urban area against jewellery fixed deposit receipts, promissory notes, insurance policies, and unencumbered houses owned and possessed by one man undisputed.

2779. 38. Individually the following industries are carried on on a very small scale :—

- Gardening.
- Dairy farming.
- Cotton ginning.
- Hand spinning.
- Weaving.
- Poultry breeding.
- Rope making.
- Sheep breeding.
- Carpentry.

The following can also be adopted advantageously :—

- Basket making.
- Lime manufacturing.
- Charcoal manufacturing.
- Biri* making and bee rearing.

These are not suffering for want of funds but for want of organization. These can be financed adequately if organized on co-operative lines.

2780. 39. Through co-operative organization only these can be encouraged to achieve the desired result.

2781. 40. No suggestion can be made in this respect. Rope and *biri* making, carpentry, charcoal and lime manufacturing can advantageously be resorted to in the dull season. These can be financed through co-operative societies. If Government aid in the form of loan without interest in the earlier stages is forthcoming, it will prove to be an incentive to undertake such industries which will supplement income and will consequently lead to raising the standard of living.

2782. On co-operative methods working capital can be secured for the enterprise with Government aid in the form of loan without interest in the beginning. This will establish financial machinery for the purpose.

2783. 41. They do money-lending generally. Also to receive deposits, but surplus money in rural area is not available for making deposits in village societies: hence very little is being done in receiving deposits. In societies in urban area, deposits pour in to an appreciable extent.

2784. 42. Some co-operative banks have the relations of depositors as well as of borrower with the Imperial Bank. No relation at present exists with any joint stock bank.

2785. Indigenous bankers have allowed cash credit to co-operative central banks.

2786. 43. Defects are the following :—

- (1) Lack of understanding of the true principles of co-operation and their application by members.

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- (2) Inability of members, on account of illiteracy and backwardness of the people, to manage their societies quite independently of the help of the staff.
- (3) Want of real desire and ambition on the part of members to raise their status.
- (4) Want of honorary workers.
- (5) High rate of interest.
- (6) Want of rural leaders.
- (7) Selection of members and *panchs* is not properly made.
- (8) Advancement of loan without due consideration.
- (9) *Panchayats'* selfishness and partiality in advancing loan and recovering those.
- (10) Slackness in internal supervision.
- (11) Members, sureties, and *panchs* do not realize their responsibility.
- (12) Committees do not take strong action against defaulters.
- (13) Want of full development of co-operative spirit in members.
- (14) High indebtedness of the people, inherited from their forefathers.

(2) These defects can be removed by (a) doubling the Government staff for propaganda, guidance and supervision. Note:—Staff is given here on the basis of requirements of advanced provinces where members, a factor for success and failure, are far better educationally, intellectually, socially, economically and politically.

(b) All nation building departments should be thoroughly organized

(c) Extravagant social customs should be checked by legislation.

2787. 44. No difficulty is experienced in short and long term loan by the co-operative banks so far; the movement has succeeded in meeting the financial need of the agriculturists who are members (for productive and necessary purposes).

2788. 45. No extra capital is required.

2789. 46. No competition.

2790. 47. Co-operative societies are already exempted from income-tax. The income-tax payable on interest on Government securities should also be exempted. Inclusion of debentures issued by any co-operative institution, (provincial, central or mortgage bank) in the list of trustees securities is advocated.

2791. 48. No information regarding indebtedness is forthcoming.

2792. Following rates of interest are charged from the following:—

- (a) Trader, 6 per cent.
- (b) Petty trader, 9 per cent. to 12 per cent.
- (c) Artisan, 12 per cent. to 18 per cent.
- (d) Labourers, 15 per cent. to 75 per cent

(1) The traders are financed by the indigenous bankers, joint stock banks and the Imperial Bank of India.

(2) The petty traders by indigenous and professional money-lenders

(3) Artisans by money-lenders and co-operative societies.

(4) Labourers by money-lenders and co-operative societies.

(5) Middle class people, by bankers, money-lenders and co-operative societies. Expansion of co-operative activities is suggested for banking facilities in urban area.

2793. 49. The following industries exist in Beawar town excluding textile mills and factories.

- (1) *Kasida* machine work.
- (2) Dyeing and printing.
- (3) Iron manufacturing work.
- (4) Snuff manufacture.
- (5) *Biri* making.
- (6) Shoe-making.
- (7) Oil pressing.
- (8) Bangle making.
- (9) Goldsmith.
- (10) Carpentry.
- (11) Weaving.
- (12) Tannery.

2794. Existing organisations do not finance them adequately and satisfactorily. Co-operative organisation is suggested.

2795. 50. To a limited extent. The movement is capable of meeting the financial needs of the classes. The artisans and labourers are financed by the co-operative societies in the town while traders and petty traders are not financed by this movement so far to any appreciable extent.

2796. 51. Co-operative movement should be extended by organising credit, thrift, supply, industrialists' and artisans societies.

2798. 52. (a) Export trade. (1) Foreign firms play a great part in the financing of foreign trade of India from village to *mandi* through their agents and guarantee brokers; bankers and money-lenders play less part than foreign firms in this respect.

(2) Foreign firms and bankers, joint stock banks finance foreign trade of India from *mandi* to the exporting port.

(b) (1) Import trade. Great part is played in financing of foreign import trade of India by foreign firms from the importing port to the distributing centres.

(2) Import trade from the distributing centres to the consumers is financed by joint stock banks, bankers, Indian firms and money-lenders. Foreign firms charge commission as well as interest. Commission is charged generally on an average rate of commodity. Interest varies according to market fluctuations.

NOTE:—Commission on wool is charged at Rs. 4½ per cent. Difficulties experienced are, (1) want of adequate capital to promote trade or business, (2) contingency of more time, and causes more expenses. These can be removed by establishing a branch of a bank which has also got its branch at the exporting ports in India.

2799. 53. I support the view that sometimes the grower of the produce in India does not get the full value of his produce on account of the speculative buying and selling activities of firms and companies who

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deal in the export trade and by the control of prices by these and other bodies. On the contrary in case of cotton business the grower has been benefited by high prices at the time of harvests during last ten or twelve years, and the trader sustained losses. Better return to the grower of produce in India can be insured by establishing banks in central places and to erect warehouses as in United States of America or on lines of Egyptian scheme. Growers should form co-operative societies to export their produce direct to foreign markets by eliminating unnecessary middle men.

2800. 55. Mostly *mahajans* practise indigenous banking and money-lending. Besides them *zamindars* do very little business of money-lending.

2501. 56. The following functions are played by the following in addition to banking and money-lending:—

Village money-lender:

1. Buys produce of agriculturists.
2. Supplies articles of requirements in the village.
3. He is land proprietor by virtue of purchase and land-lord of the tenant cultivating his land.
4. Carries on petty trade in the village.

Indigenous banker in town:

1. Works as commission agent
2. Carries on trade.
3. He plunges into speculative business sometimes.

2802. 57. Indigenous banker and money-lender finance agriculture, industry and trade to a great extent, but their business of financing agriculture and industry is declining every year. They do not invest in industrial shares nor do they keep deposits in industrial concerns.

2803. 58. Such organizations are unknown. Monied people do banking individually with their own capital. They receive deposits and in case of emergency borrow loans too.

- (a) No fixed amount is invested.
- (b) Volume of business is not restricted.
- (c) Expenses are uncertain and different in different cases.
- (d) Some bankers of established credit and reputation have relation of creditor and debtor with joint stock banks. With the village money-lender they have relation of lender and receiver of deposits. No facilities are given to these indigenous bankers by the Imperial Bank.

2804. 63. Please see reply to question No. 8. The rates can be brought down by expansion of co-operative organizations in the district. Reduction of such rates shall affect standard of living and agricultural improvement.

2805. 64. No prejudice exists against the indigenous bankers. The system requires improvements in account-keeping, acknowledging receipts, and charging of heavy interest and method of calculating that.

2806. 65. Bankers get about $4\frac{1}{2}$ per cent. per annum on the amount invested. Money-lenders about from 9 to 15 per cent. per annum. None has failed since 1920.

2807. 66. They have got capital to carry on business on limited scale. They cannot meet all demands on account of inadequate capital. They maintain their credit, with great tact and secrecy about the amount of capital at their disposal.

2808. 67. No particular facility is available for internal remittance except of (1) postal money order, (2) insured letter and (3) telegraphic money order. Supply bills facilitate remittance between provinces, of sums not less than Rs. 10,000.

2809. For internal remittances of sums up to Rs. 1,000, if this concession is extended, it will do good to public and bankers.

2810. 74. They will resent.

2811. 77. The establishing of a branch of a bank whose branches or head office may be at exporting ports, will be very useful. It can inspire confidence, if a consulting board of the branch is appointed from out of the local bankers which will enable the banks to utilize the local knowledge and experience of the bankers on that board. Expansion of business will remove competition. At present business is suffering for want of banks to finance.

2812. 79. Only 4 or 5 retired military officers of this Tehsil have got surplus amount over their necessary expenditure. That will not be more than few hundreds.

2813. 80. There is a very negligible amount if any.

2814. 81. No information available. Tendency of hoarding is decreasing. No estimate can be made for this as no data is available. No enquiry has been made in this respect.

2815. 82. The following communities utilize their monies in the following way:—

Rawat and Merat.—Drinking, purchase of wife, *mosar*.

Jat.—*Mosar*, purchase of good bullocks and cart, ornaments and land.

Gujar.—*Mosar*, purchase of she-buffaloes and cows.

Mahajans.—Lending money on interest, erection of *havelis*, marriages and ornaments.

2816. Influence of the co-operative societies has been the promotion of thrift, which is evidenced from the fact that total working capital of the movement which is over 40 lacs has been collected from the public as share capital and deposits. Owned capital of the movement is about 6 annas in a rupee. In 1919-20 it worked at 123 annas per head of population while in the Punjab it was 23 annas only. This is a satisfactory feature. Insurance companies' business is also increasing annually.

2817. 83. Very few carry on business of money-lending and that too on a limited scale. They follow in the foot-steps of village money-lenders as regards terms. In prosperous years if there is a surplus with any *zamindar* he will first of all try to purchase land.

2818. 95. Post office savings bank should be opened in the villages of Rajiawas and Sendra in this tehsil. Joint stock bank's branch should be opened at Beawar. Co-operative mortgage banks and co-operative banks already exist in the places they are required.

Mr. Fateh Mohamed.

**Munshi JAMIL AHMAD, Inspector, Co-operative Societies,
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2819. 1. It is very difficult to estimate the existing indebtedness of the agricultural class as the agriculturists do not keep a record of their accounts on account of dearth of education and the money-lenders do not give an accurate account of them even on enquiry.

2820. The attached pamphlet* "Agricultural conditions and rural economy in Ajmer-Merwara" by Munshi Balkishan Sahib will throw more light on this point. But from my personal experience made recently I daresay that the number of indebted agriculturists of Merwara exceeds that of Ajmere. It will not be out of place to mention here that the average total indebtedness of each member of a co-operative society comes to Rs 500 and the same may be reckoned for each agriculturist.

2821. As regards the purposes for which the debt was contradicted it is needless to rewrite them here as all those mentioned in the questionnaire from (a) to (n) count for them.

2822. Among borrowers the number of persons owning less than an economic holding exceeds that of owning more than an economic holding.

2823. To remedy this evil of borrowing for wasteful and unproductive purposes and encouraging for productive purposes the following measures may help:—

1. Thorough preaching on wider scale of defects of one and advantages of the other.
2. Government's supervision on the accounts of all the money-lending agencies.
3. Enforcement of the Punjab Money Lenders Act.
4. Control over rate of interest.
5. Expansion of the co-operative movement to the extent of at least one society per village.

The debt is due to Government, co-operative societies and money-lenders as well as *zamindars*.

2824. 2.

Agencies.	Rates of interest charged.	Methods of calculating interest.
Government	6½ per cent.	Simple interest.
Co-operative societies . .	8 to 12 per cent.	Simple interest.
Money-lenders	15 to 150 per cent.	Yearly compound interest

Repayment of debt is often very hard. It is seldom that agriculturists repay voluntarily.

2825. 4. There may be very few instances of this type.

2826. 11. There are neither arbitration boards nor village *panchayats* in this district of Ajmer-Merwara.

2827. 12. The present system of obtaining finance is:—

1. By executing *khata*,
2. By executing bond on judicial stamp,
3. By mortgaging land or crop,
4. By producing personal sureties.

No. 4 is prevalent only in the case of short term loans.

Ratio of finance in kind to cash is 1 : 4

As regards the rate of interest reply to question No. 2 may kindly be perused.

The rates of interest charged by the money-lenders are exorbitant and in several cases rather dreadful.

2828. Part played by each of the financing agencies is as under :—

Government, 1 as. a rupee.

Co-operative societies, 3 as. a rupee.

Money-lenders, etc., 12 as. a rupee.

2829. 13. The cultivators do not freely borrow *takari* under the agriculturists' loans act as they are under the impression that it is only obtained at the time of scarcity or famine.

2830. 16. To calculate the estimate of capital required the average working capital of each member of a co-operative society may be taken as the mean, i.e., Rs. 150. Considering 14 lacs to be the total number of cultivators in this district the amount of capital required comes to one and a half crore. So far as co operative societies are concerned there are ample funds to provide.

2831. 17. The names of marketing centres are :—

Beawar.

Bijainagar.

Kekri.

Harwara.

Ajmer.

Nasirabad.

Kishangarh.

2832. 19. The agriculturists store in the case of (a) in their *kucha* houses and sell in the market without considering the market rates for want of financial arrangements. Only co-operative commission shops advance loans upto 75 per cent. of the value of the produce deposited with them.

2833. 23. Establishing co-operative commission shops and adopting the Egyptian scheme can only give full facilities for transporting the agriculturists' produce at cheap cost and fetching full price for them.

2834. 24. There is no such suggestion worth making for increasing the frequent use of bills in rural areas.

2835. 25. There appears to be a great demand for long term credit in this district for the peasant proprietors and large landholders at cheap rates of interest, for improvement of wells, *nadis*, tanks and land, redemption of land and liquidation of old debts.

2836. 28. The average value of land per acre in this district is :—

Chahi Rs. 250,

Abi Rs. 200,

Talabi Rs. 200,

Barani Rs. 100.

Munshi Jamil Ahmad.

Under normal conditions the ratio of the annual yield of land of average quality per acre to its market price is—

<i>Chahi</i>	.	.	.	<i>Kharif</i>	.	.	.	1:2
				<i>Rabi</i>	.	.	.	1:3
<i>Talabi</i>	.	.	.	<i>Kharif</i>	.	.	.	1:2
				<i>Rabi</i>	.	.	.	1:3
<i>Abi</i>	.	.	.	<i>Rabi</i>	.	.	.	1:3
<i>Barani</i>	.	.	.	One crop	.	.	.	1:4

The factors affecting the value of the land are:—

1. Kind of soil,
2. Nearness to town or market,
3. Area of fields,
4. Rise in the price of produce,
5. Competition and question of claims,
6. Rise in rents,
7. Nature of the agriculturist owning the neighbouring fields.

In case of (a) land auctioned hardly fetches the price over and above the Government revenue in arrears with no regard to its reasonable cost.

(b) In my knowledge there have been no sales under court decrees.

(c) By private negotiations, value fetched comes to the average market price.

2937. 30. No debenture bonds are issued by the mortgage co-operative banks in this district and hence nothing is to be noted.

2938. 32. There are already three mortgage banks and 10 mortgage societies of the Co-operative Department working in this district and hence no further comment is necessary.

2939. 41. No, besides lending the co-operative credit societies encourage savings by way of compulsory shares and deposits, though optional, and by giving more facilities than those to non-members by allowing higher rates of interest.

2940. 42. There are neither joint stock banks nor indigenous banks in this district. As regards relation between the co-operative banks and the Imperial Bank of India overdrafts to a certain extent are allowed by the latter bank to the former against the security of Government paper.

2841. 43. As regards the defects of the co-operative societies in this district, the following can be quoted:—

1. Defective and incomplete preaching by the staff in the start.
2. Selection of dishonest and highly indebted persons as members.
3. Lavish borrowings by the committee members.
4. Unpunctuality in repayments.
5. Want of experienced propaganda staff.
6. Illiteracy of the cultivators.
7. Inadequate staff.

2842. 44. For short term loans there is ample capital in co-operative banks in the district but for long term loans capital is really required at cheaper rates and that can be provided with the help of the Government only.

2843. So far as the members of the co-operative societies are concerned, the movement has always tried to meet their financial needs from time to time.

2844. 45. The co-operative societies are already meeting all the financial needs of their members and hence no extra capital is required for them.

2845. 46. There is no competition as there is no joint stock bank, and Imperial Bank of India does not deal with agriculturists in this district of Ajmer-Merwara.

2846. 47. The following concessions, if granted, would stimulate the growth of the movement of co-operation :—

1. Cost of audit should be borne by the Government.
2. Exemption from stamp-duty and court-fee.
3. Government securities belonging to the co-operative societies should be exempted from income-tax.
4. Hypothecation of the members be affected on the spot by the Registrar or any other touring officer.

2847. 50. In this district, co-operative societies are not yet started among small traders. As regards the industrialists, the number of membership may be taken as one thousand in all who are advanced cash to meet their demands.

2848. 51. In order to meet the special need of the urban areas the co-operative societies of the following types should be started :—

1. Credit societies of daily wage earners.
2. Credit societies of monthly salary earners.
3. Credit societies of labour class people.
4. Milk or dairy societies.
5. House-building societies.
6. Thrift societies.
7. Better living societies.
8. Mutual death benefit fund societies.
9. Mutual marriage fund societies.
10. Supply societies.

2849. 77. As the existing co-operative banks afford all sorts of facilities in the business of banking to their members in special and to non-members in general there appears no necessity of establishing other banks.

2850. 95. Co-operative societies can be started in all the villages of this district leaving those where there are such societies already; a list* showing the names of such societies is attached.

* Not printed.

Mr. RIZAQ RAM, Inspector, Co-operative Societies, Tedgarh.

A.—AGRICULTURAL INDEBTEDNESS.

2851. 1. There are about 21,000 persons belonging to the agricultural class in the Todgarh Tehsil, District Ajmer-Merwara. Most of them are *Rawats*, *Mers* and a limited number of other castes such as *Regar*, *Balai Merat*, *Kathat*. The agriculturists are heavily indebted and their debt amounts to Rs. 30,16,640 as detailed below:—

	1.8
(a) (i) Debt with land as security in the form of mortgage	20,00,000
(ii) Unsecured debt	10,00,000
(b) (i) <i>Takari</i> under Art XIX	9,768
" " " XIX	8,932

2552. The unsecured debt includes the co-operative societies' debt amounting to Rs. 1,00,000 (one lac) and in all it comes to Rs. 48 per head in round figures. Mortgage and *takari* debts are based on the revenue records.

(c) Some amount of debt is incurred against assets such as houses, ploughs and other agricultural implements, crops and produce which cannot be ascertained. Debt on ornaments is estimated at about Rs. 15,000.

It is not possible to ascertain the details but the unsecured debt above mentioned was partly incurred for marriages and *mosaics* and partly for the purposes mentioned from (a) to (k). No debt is incurred against (l), (m) and (n).

2853. The majority of borrowers consist of the persons owning less than the average holding. There is none who holds above 100 acres of land among the borrowers. The *Ravats* spend a lot of money on marriages, *mosar* and drinking. These are the only wasteful purposes. A communal and social *sabha* is established in the Tehsil and measures are being taken to reduce the expenses on these accounts.

2854. To encourage the agriculturists to borrow money for productive purposes such as selected seed, manure, improved implements, some demonstration and model farms may be established.

This debt is largely due to the professional money-lenders, i.e., the *mahajans*.

2855. 2. The professional money-lenders charge interest at rates varying from 12 per cent. to 24 per cent. The rates of interest charged by the Government on *takavi* loans and by the co-operative societies are 6½ per cent. and 12 per cent. respectively. The *mahajans* of this place at the time of advancing money calculate interest by the undermentioned methods:—

(a) In case of cash payment they deduct -1/- per rupee on the date of advancing the loan interest being charged on the full amount. The interest is calculated after a year or so or within three years and balance struck. Compound interest is also charged.

(b) In case of advances made in kind, they charge 25 per cent. to 50 per cent. interest on the grain advanced which is locally known as *badi*.

(c) As regards the method of calculating interest by the co-operative societies, no compound interest is charged. No compound interest is charged on *takavi* loans also.

2856. The repayment is enforced by the *mahajans* by receiving money in cash, in kind, by purchasing cattle and by taking land on mortgage. The last step is taken when the amount is not paid, i.e., a decree from the civil courts has to be got. As regards Government *takavi* loans it is recovered as arrears of land revenue under the Land Revenue Regulations. As regards co-operative loans, all disputes regarding recoveries of debt are referred to the Registrar, Co-operative Societies, Ajmer-Merwara, for decision. He either decides the case himself or appoints an arbitrator. The decision of the Registrar or the arbitrator is final, and has the force of a civil court decree which can be executed in the civil courts like ordinary decrees passed by civil courts.

B.—FINANCE FOR AGRICULTURAL PRODUCTION.

2857. 12. The *bokras* (money-lenders) provide agriculturists (small cultivators) with the expenses for bullocks and seed generally and maintenance at the time of scarcity or failure of monsoon. There are only small cultivators and the rates of interest charged are the same as mentioned in question No. 2. Such loans are ordinarily taken for six months so far as seed is concerned. Others according to their agreements, say, one or two years. The security offered by them is the produce of the land, cattle, etc.

2858. The rates of interest are exorbitant in most of the cases. There are different rates of interest for cash advances and loans in kind. The agriculturists are financed by the Government, the co-operative credit societies and professional money-lenders.

2859. 16. The capital required for the various purposes mentioned in Question No. 12 amounts to Rs. 20,000. This estimate is based on the experience of the last famine and information taken from the co-operative societies. The capital is adequate.

D.—LONG PERIOD LOANS.

2860. 25. There is a good demand for long term loans for redemption of land by agricultural classes mentioned in Questions Nos. 1 and 12.

2861. 28. The value of the land per acre is as under:—

	Rs.
<i>Chahi</i> (I)	750 average.
„ (II)	500 „
<i>Talabi</i>	500 „
<i>Abi</i>	200 „
<i>Barani</i>	80 „

The ratio between the annual yield of land of average quality per acre as compared with its market value under normal conditions is 1 to 3.

(a) No land has ever been auctioned for non-payment of revenue by Government.

(b) No land was sold by court decree.

[Information in (a) and (b) is based on the revenue record.]

(c) Land is purchased by private negotiation.

The cause of difference cannot be distinguished as there were no cases under (a) and (b).

Mr. Riazq Ram.

F.—RURAL CO-OPERATION.

2862. 41. There are co-operative credit societies in the Todgarh Tehsil. These societies advance money to the agriculturists for productive purposes and redemption of land and they are not merely lending money. They do not do any rural banking business as there is no scope for rural deposits in the rural area.

2863. 42. The co-operative banks finance the rural primary societies and receive deposits from the local or outside area and so far the bank which is recently established in the Todgarh Tehsil has no business connection with the Imperial Bank.

2864. 43. Generally there appears no defect in the working of the co-operative societies.

2865. 44. There is no difficulty. The co-operative movement has proved useful to meet the demands of the agriculturists who are the members of the co-operative societies.

2866. 45. There is necessity of extra capital of about Rs. 15,000 for financing the rural co-operative movement especially the mortgage bank..

2867. 46. There is no bank other than the co-operative bank and therefore no competition.

2868. 47. For the present the concessions already granted by the Government to the co-operative movement are enough but the concession in the shape of refunds of money order commission should be made permanent. Moreover the sub-treasuries may be empowered to issue treasury orders on *sadar* treasuries as the *sadar* treasuries do on sub-treasuries in case of receipts of money from the co-operative banks.

G.—NON-AGRICULTURAL CREDIT AND INDEBTEDNESS.

2869. 50. No such industrialist or trader ever demanded money from bank for trade or industry.

2870. 51. The Todgarh Tehsil consists of rural villages and there is no town.

Rai Sahib Pandit TRILOKI NATH SHARMA, B.A., LL.B., Sub-Registrar of Assurances, Nasirabad.

2871. 2, 7, 8, 9, 12, 25, 26 and 29.—Whatever little agricultural land is situated in Nasirabad belongs to the Cantonment Authority. Hence no advance is made on agricultural land here. These questions therefore do not concern this Cantonment

2872. 48. The rates of interest with security of house property or movable property is 12 to 18 per cent. per annum and without security it is 18 to 37½ per cent. per annum generally. The money-lenders in Nasirabad are generally *mahajans* and the co-operative society. As regards extent of indebtedness of particular classes I am not in a position to furnish the required information.

2873. 60. The loan is granted by indigenous bankers or money-lenders either on the security of house property or movable property or on execution of *khatas* or bonds. The rate of interest in the former case is from 12 to 18 per cent. per annum and in the latter case it is 18 to 37½ per cent. per annum generally. The amount repaid by the borrowers in instalments or in a lump sum is credited and the interest is charged on the balance. Compound interest is charged on the balance after one year.

2874. 62. The rate of interest on deposits is generally $4\frac{1}{2}$ to 6 per cent. per annum. In the busy season the rates of interest are increased generally to $7\frac{1}{2}$ per cent. per annum. The *sahukari* rate of interest is $7\frac{1}{2}$ to 12 per cent. per annum with or without security.

2875. 63. The rates of interest which the agricultural community has to pay is 12 to $37\frac{1}{2}$ per cent. per annum generally. The interest is not charged in kind in Nasirabad. The rates of interest can be brought down if the Government arrange to provide sufficient funds for loans on liberal terms and keep adequate establishment. The reduction of rate of interest will confer benefit on the agricultural classes in every way.

2876. 65. The average net return to the money-lenders on their capital is 15 per cent. per annum by way of interest. No money-lender seems to have failed since 1920 but the money-lending business is not increasing.

The Sub-Registrar, Todgarh.

(Replies to selected questions)

2877. 2. The professional money lenders charge interest at rates varying from 12 to 24 per cent. The rate of interest charged by the Government on *takari* loan and by the co-operative societies are at $6\frac{1}{2}$ and 9 per cent. respectively. The *mahajans* of this place at the time of advancing money calculate interest by the undermentioned methods:—

(a) In case of cash payments they deduct 1 anna per rupee on the date of advancing the loan which is not taken into account in the interest, and the interest is charged on the full amount. The interest is calculated after a year or so or within 3 years and balance struck. Compound interest is also charged.

(b) In case of advance made in kind they charge 25 per cent. to 50 per cent. interest of the grain advanced which is locally known as *badi*.

The payment is enforced by *mahajans* by receiving money in cash, in kind, by purchasing cattle and by mortgaging lands. The last step when the amount is not paid, is to get a decree from the civil court. The Government *takari* loan is recovered as arrears of land revenue under the Land Revenue Regulations. As regards co-operative loans all disputes regarding recoveries of debt are referred to the Registrar, Co-operative Societies, Ajmer-Merwara for decision. He either decides the case himself or appoints an arbitrator. The decision of the Registrar or arbitrator is final and equal to a civil court decree and can be executed through the civil court.

2878. 12. The *bohars* (money-lenders) provide agriculturists with expenses for bullocks and seeds generally and maintenance at the time of scarcity or failure of monsoon. There are only small cultivators and the rates of interest charged are the same as mentioned in question 2 above. Such loans are ordinarily taken for six months so far as seed is concerned and for others according to their agreement say one or two years. The security offered by them is the produce of the land and cattle, etc. The rates of interests are exorbitant in most of the cases. There are different rates of interest for cash advances and loan in kind.

2879. 48. The professional money-lenders advance money to the menials and charge interest at the rate of $18\frac{1}{2}$ to 24 per cent., but they advance loan to their own community from 6 per cent. to 9 per cent. Really speaking the interest is charged according to the status of persons. There is no bank for the non-agricultural class.

The Sub-Registrar, Todgarh.

Mr. JAGAT NANDAN, Judge, Small Cause Court, Ajmer.

(Replies to selected questions.)

2880. 1. The agricultural classes are under heavy debts to the money lenders. The money-lenders try to extract all their earnings and harass them. The rate of interest charged varies from 18 per cent. to 75 per cent. per annum and in certain cases more. Whenever loan is advanced in kind such as grain, cotton-seeds, etc., *badi* (interest on loans advanced in kind) is charged from 5 seers to 12½ seers per maund per crop. This variation in rates depends on the kind of security the debtor can furnish, on their solvency and also on the sympathetic or unsympathetic nature of the creditors.

2881. 2. The most simple and prevalent method of calculating interest is what is properly known as *kutuan miti system*. Under this system interest on debit and credit items is calculated and the difference between the two is claimed by the creditor.

Money-lenders employ every possible means fair or foul to recover the debts. Before the crops are reaped, money-lenders get them transferred in part or full satisfaction of their debts. When the crops are cut, they go to the fields of their debtors and take a major portion of the produce towards their debts. The rates at which grain, *kappas*, etc., are purchased by them are much below the market rate. If they do not hope to get anything from the debtors, they can get balances struck in their favour so as to save limitation. Recently there has been a tendency to purchase cattle and land in payment of debt. In case debtors are not willing to satisfy their demands, they set the machinery of law in motion and seek attachment and arrest before judgment.

The most popular way to enforce repayment is the execution of decree passed in a court of law.

2882. 12. For expenses during cultivation and other special needs, the agriculturists are left at the mercy of their money-lenders, though the tendency to having recourse to the co operative societies is growing gradually. The agriculturist must work in order to live and cannot long afford to hold out against their *bokras* (money-lenders) who are generally in a better position to enforce their side of the bargain. These disadvantages are greater in the lower grades of farmers.

2883. As to capital and permanent improvements, Government grants loans on instalment system known as *takavi* for wells, etc. This being most cheap in comparison and convenient in payment, they most gladly make use of it.

For rates of interest, please see answer to question No. 2.

Loans are generally taken for 1 to 3 years but in most cases they are not paid in time and balances including interest and principal are struck by the debtors from time to time. Standing crops, ornaments and cattle are hypothecated and lands are mortgaged in some cases. Generally loans are advanced on the basis of bonds or *khatas* executed by debtors.

Rates of interest are no doubt exorbitant.

As stated in connection with question No. 2, rates of interest charged for cash advances and loans in kind are different.

Suggestions--Agricultural indebtedness in India is mostly due to the illiteracy of agriculturists. Steps should be taken to impart at least

so much education to them as is necessary to maintain and understand accounts. To minimise the chances of fraud on the part of money-lenders, all transactions whether of loans or payments or of any other nature exceeding Rs. 20 in value must be reduced to writing and verified before a revenue officer not below the rank of Naib-Tehsildar, Munsiff, Registrar, Judge or some other responsible officer of Government. Such a change in law will, at first sight, appear to be troublesome as people will have to come to the headquarters of one of these officers, but that inconvenience will be nothing in comparison to the various advantages.

A maximum rate of interest which the courts can allow, should be prescribed. Under the present law, the courts are bound to allow interest at contract rate, however high or usurious it may be.

2884. In order to release poor farmers from the blood sucking money-lenders, agricultural banks should be established all over the country advance to cheap credit on the security of crops and serve as an intermediary between sellers and buyers. The first job of these banks should be to help the farmers to clear off their debts with the money-lenders, to spread new and improved methods of cultivation among the illiterate farmers.

2885. 48. As regards the extent of indebtedness, I can't give any correct information.

The rate of interest in vogue in urban communities varies from Re. 0-7-9 to Re. 1-4-0 per cent. per mensem. In Ajmer-Merwara, Beawar is a great commercial centre. For ordinary trade, people there do not generally require much money, but most of the traders indulge in speculation. When they suffer heavy losses, they stand in need of borrowing money. They contract loans on the security of ornaments and house property. At present there is no bank for traders at Beawar and people generally borrow money from *sahukars*. They also send to and receive money from Bombay and other places. I think Beawar can well accommodate a branch of some bank.

BANKERS.

The Agent, Imperial Bank of India, Ajmer.

2886. 2. Interest rates usually charged by the various classes of creditors vary from 15 per cent. to 37½ per cent., and in certain cases it exceeds 70 per cent. Compound interest is charged. Cash is calculated yearly, and in kind half-yearly. Interest charged in kind exceeds 70 per cent. Repayment of loans is enforced by mutual compromise as far as possible and the practice is to take possession of cattle, land, grain, etc., failing this, and as a last resource, enforcement of payment is sought through the civil courts.

2887. 7. It is not the custom in this district to extract personal service or any other form of labour, in lieu of interest on loans from the borrowers.

2888. 10. Agriculturists being mainly illiterate usually pay whatever the creditors claim as principal and interest. In view of this, and to safeguard the agriculturists' interest, accounts of the creditors should be audited and published, and necessary legislation to this effect passed by Government.

2889. 11. There are no village arbitration boards or village *panchayats* in this district.

The Agent, Imperial Bank of India, Ajmer.

2890. 12. The present sources of the agriculturist to obtain finance is as follows:—

- (1) Co-operative societies.
- (2) Money-lenders and *sahukars*.
- (3) Government *takavi* loans.

2891. 17. The following are the principal marketing centres for the various crops of the district:—

Ajmer, Beawar, Kishangarh, Nasirabad, Sarwad, Kekri, Bijenagar, and Pisangan.

2892. 18. Crops are usually marketed by the agricultural class themselves, unless the money lender stipulates that the produce is to be sold to or through him.

Cotton.—Purchased by commission agents and cotton merchants who export to Bombay, where advances are obtained against the same through *artias*. Part is purchased by the mill-owners at Beawar, for local consumption.

Wool.—This is exported to Liverpool for sale. Advances against consignments are made by certain Bombay companies who export to Liverpool, through their bankers.

Grain.—This is usually purchased by local traders. Usually no brokerage is charged, but when borrowers have to sell to or through the money-lenders then an additional charge of about 5 annas per cent. is made for brokerage. 'Commission agents' charges are as under:—

	Rs.	a.	p.	
Commission	0	12	0	per cent.
For cash payment	0	4	0	"
Charity	0	2	0	"
	1	2	0	

Incidental expenses.—Coolies are paid in kind which works out at about 5 annas per cent.

2893. 19. (a) Produce is stored by agriculturists in their houses or on land adjoining.

(b) Produce taken to the market is usually sold off at once. Yes, from the Imperial Bank of India through a commission agent under *muccadun* system.

2894. 21. Ten days' credit is usually allowed in the local market.

The co-operative credit shop at Beawar advances 75 per cent. of the value of the produce.

2895. 22. Railway receipts are endorsed over to the commission agent, who advances against them 75 per cent. to 80 per cent. and adjustment is made after sale in Bombay or elsewhere.

2896. 24. The reduction of stamp duty on usance bill would probably increase the use of this class of paper.

2997. 38. The following are the small subsidiary industries allied to agriculture existing in the district:—

Rope-making, hand spinning, tanning of hides, hand ginning.

2998. 40. The following are the enterprises which may give employment to the farmer during seasons in which he cannot make full use of his time on his farm:—

Tree-planting in rainy season, poultry breeding, rope making, hand-spinning by women, basket making, bee-rearing.

2999. 52. *Export trade.*—Produce is brought to the market by the cultivator himself, or by the money-lender, in which case the small banker or money-lender usually advances money on such produce. It is then usually purchased by local merchants or commission agents, and subsequently exported. Usance *hundis*, documentary *hundis*, or demand *hundis* can be discounted at the Imperial Bank of India at reasonable rates.

Import trade.—Documentary *hundis* or clean demand *hundis* are purchased by the Imperial Bank of India and sent to the places of import for realization. At receiving centres, facilities for discounting usance bills, advancing of money against produce and granting of clean cash credits are afforded to merchants. The merchants sell the goods to the consumer either in cash or on credit.

3000. 55. The communities which practise indigenous banking and money-lending in this district are:—

Agarwal, Oswal, Saravgi and Mesri.

3001. 56. The kinds of business transacted by such indigenous bankers and money-lenders are as follows:—

Sale and purchase of demand and usance bills.

Receiving deposits (fixed and current).

Advancing money on personal security.

Advancing money on ornaments.

Advancing money on produce (to very small extent).

Advancing money on wool (against railway receipts).

Advancing money on bullion.

Purchase of bullion for customers.

Advancing money on mortgage of property (landed).

This class of banking business is usually combined with other business, such as commission on sales and purchases, cotton, wool, grain, etc.

The major portion of the business is commission agency and say about 20 per cent. being allotted to the banking side of the business.

3002. 57. The indigenous bankers or money-lenders in this district assist in financing agricultural trade and industry in the following manner:—

Purchase of demand and usance *hundis*.

Advancing money on personal security.

Advancing money on ornaments.

Granting fixed loans.

The Agent, Imperial Bank of India, Ajmer.

Advancing money on *chaloo khata*.

Advancing money on mortgage of landed property.

Investment in industrial shares, or keeping bank deposits with industrial concerns, is not done to any appreciable extent here.

3003. 53. Banking by the big *shroffs* and indigenous bankers is regarded as a side business and no separate capital is set aside for this purpose.

It is not possible to judge the volume of the business carried on by them.

Maximum amount of expenditure that a money-lender will require to carry on banking business, would be about Rs. 2,000 a year.

3004. The relations between the money-lender or banker, the town banker and big *shroffs* in cities and between indigenous bankers and other banks in the country, are reported to be satisfactory.

3005. Imperial Bank of India gives every possible assistance to the indigenous banker such as discounting of usance and demand *hundis*, granting of cash credits for seasonal periods, free exchanges of coin into notes and *vice versa*, fixed loans, and advances on Government securities.

3006. 59. The following are the various forms of *hundis* and other credit instruments used by the indigenous bankers and money-lenders:—

Demand and usance *hundi*.

Advance or promissory note.

Cash credits (simple *khata*).

Fixed loans (against simple stamped *chits*).

Hundis are used to a greater extent as compared to the use of rupees and notes.

3007. 60. The indigenous bankers method of granting loans are as under:—

Fixed loans (interest recovered in advance).

Opening cash credits on personal security (interest is calculated on daily balances).

Advancing against personal ornaments (simple *khata*) interest calculated yearly.

On mortgage of property (regular documents being executed and registered).

3008. 61. The indigenous bankers provide themselves with funds from the following sources:—

Drawing on their Bombay *artia* or firm where goods are usually sent for sale.

Obtaining accommodation through the Imperial Bank or other banks.

Big *shroffs* and commission agents usually draw funds against goods sent for sale under *muccadam* system at the place of import.

3009. 62. Rates of interest on deposits received vary from 4 to 6 per cent. as under:—

On current accounts, maximum rate of interest allowed 3 per cent.

On fixed deposits from 4 to 6 per cent.

3010. In the cotton season the rate remains practically steady at about 6 per cent. The *sahukari* rate of interest is 6 per cent. maximum.

3011. 64. There appears no prejudice in this district against the indigenous bankers.

3012. 65. As no capital is set apart for banking business an estimate as to the net return on the capital, after allowing for legal expenses, etc., cannot be ascertained. There appears to have been no failure since 1920.

3013. The business of the indigenous bankers is reported to be declining.

3014. 67. The following are the facilities available to the public, including indigenous bankers and money-lenders for internal remittances:—

Hundis.

Simple chits.

Drawing cheques on their current accounts.

Remittance by supply bills.

Remittance in currency notes in halves.

Bank Drafts and Telegraphic Transfers.

3015. The issue of supply bills on the treasuries and branches of the Imperial Bank of India at schedule rates have facilitated the question of remittance to a great extent. It is still the practice of the indigenous bankers either to remit amounts in large currency notes in halves by post or sending by their own employee.

3016. 69. On enquiry I understand that there is no large amount of money in the district in the hands of the indigenous bankers, which does not find employment throughout the year.

3017. 70. The selling and purchasing rates of *hundis* are:—

During season:—From Rs. 99-12-0 to par.

Off season:—From par to Rs. 100-3-6.

3018. Imperial Bank of India's rates being very fine, bazaar rates are reduced accordingly. Before the opening of a branch of the Imperial Bank of India here, rates were sometimes quoted at 8 to 10 annas discount and premium in the bazaar.

3019. 80. It is not possible to arrive at an estimate of the actual capital savings of the agriculturists in this district.

3020. 81. The habits of the people of India is to invest in gold and silver by making gold and silver ornaments. About 5 crores worth of bullion is reported to have been imported since 1913 into this District.

The tendency of hoarding is decreasing in the district, but it is not possible to arrive at an estimate of such hoarded wealth.

The Agent, Imperial Bank of India, Ajmer.

3021. 84. The use of cheques in the district is gradually increasing.

The abolition of stamp duty on cheques has increased the use of cheques to a certain extent, especially by firms and educated classes.

3022. 85 The banking and investment habit of India is of very slow growth which is due to the following reasons:—

- (1) Lack of banking knowledge.
- (2) Hoarding habits.
- (3) Fancy for ornaments.
- (4) Social customs.
- (5) Want of confidence.
- (6) Want of surplus funds.
- (7) Desire to keep money ready at call.

3023. The encouragement of co-operative banks and societies in small villages, Post Office Savings Banks at *talukas*, etc., with the advantages of investment, etc., with them widely advertised in the local vernacular by hand bills explaining the benefits, procedure, etc., will be useful.

It appears that the public is provided with full facilities for investment of their funds (savings).

3024. 90. Sale and purchase of securities on behalf of constituents is being carried on by the Imperial Bank of India at nominal rates.

3025. 94. The Post Office, District Central Co-operative Bank, the indigenous bankers and the Imperial Bank of India are, I consider, quite adequate for this district.

COMMERCIAL BODIES.

Mr. P. D. BHARGVA, F.S.S. (London), General Manager, General Assurance Society, Ltd., Ajmer.

3026. 81. The people of India and specially the women of India are accustomed to wear gold and silver ornaments. The less educated class are particularly fond of ornaments and will invest most of their surplus income in purchasing gold and silver. With the spread of education this tendency towards hoarding is decreasing, but very slowly.

3027. The Marwari community is specially prone to hoarding. They are a wealthy class of people and many of them act as village bankers lending money to needy villagers at high rates of interest. The functions of the co-operative societies are not properly appreciated by the agriculturists who do not understand the technicalities in the rules of such societies and prefer to borrow from Marwaris at much higher rates of interest. The more educated classes do use banks and insurance companies as a medium for cultivating the habit of thrift.

3028. 83. Most of the farmers live from hand to mouth and scarcely have any surplus income to lend to fellow agriculturists.

3029. 84. The effect of the abolition of the stamp duty on cheques has been beneficial, but the cheque habit is of a slow growth. Cheques are used by the more educated and wealthy people only. One great hindrance to the use of cheques on a larger scale is the fact that the Imperial Bank of India which has an extensive branch organisation does not allow any interest on current accounts. Another cause is the refusal of good many banks to allow its constituents to draw "Order" cheques. If these grievances can be removed, and if further, the use of vernacular scripts in banking is made common, it will go a long way towards popularising the cheque habit.

3030. 85. As stated above we do support the view that banking and investment habit in India is of very slow growth. This is to be attributed to the poverty and want of sufficient education among the agriculturists and the middle classes.

3031. The institutions in existence for encouraging savings and investment habits are banks, life assurance companies, provident societies, co-operative societies and Postal Savings Banks. The existing facilities can be extended in the smaller interior places.

3032. 86. Postal Cash Certificates are popular. The present interest rates of cash certificates are not properly graduated, they may be revised.

3033. Yes, Post Office Savings Banks afford all possible facilities to the public. The middle classes of population resort to such forms of investments.

3034. 88. We think that the number of persons unwilling to earn interest on deposits will be too small to warrant any scheme for rendering such interest available for the economic development of the country.

3035. 89. The competition of Government with banking institutions by their attractive rates on Postal Cash Certificates and Treasury Bills, especially the latter, has been harmful, in the first place to their own credit. It seems that the Government is borrowing without due discretion, and as a result Government securities are depreciating heavily. This is a serious loss to institutions which invest in Government securities on a large scale such as banks and insurance companies. Moreover it is an unnecessary burden to the tax payer.

3036. 90. The Imperial Bank of India and other banks undertake the purchase and sale of Government Securities for their constituents on a commission varying from $\frac{1}{4}$ th to $\frac{1}{2}$ th per cent. The Post Office allows its saving bank depositors to invest in Government securities without charging any commission. This is not a form of investment which will appeal to the village agriculturists, and so no more facilities need be granted.

3037. 91. Purchase and sale of securities other than Government securities is undertaken by banks and brokers on payment of a small commission or brokerage.

3038. 92. Propaganda by Government in regard to Government loans for capital expenditure will be fruitful in the towns only.

Mr. P. D. Bhargava.

OTHERS.

Mr. PROBHU DAYAL, Advocate, Ajmer.

3039. 1. This can be ascertained through the agency of the *patwari* of the village, and the Tehsildar or other revenue officer should subsequently verify from the books of the creditors or it may be ascertained next year along with the village census from each village.

(a) to (n). I cannot reply. Borrowing for wasteful and unproductive purpose can only be restricted by educating the villagers.

3040. 2. The rate prevalent is from 3½ to 1 per cent. A deduction of one anna per rupee is also made sometimes from money paid by the lender. The most objectionable rate is 25 per cent. for 6 months on grain lent and recovered at each harvest with the grain lent.

3041. 6. Tenants in many provinces cannot produce more or cultivate their land in a more efficient or better manner because there is no law here by which they can acquire occupancy rights as in other provinces. Here a tenant of 100 years is also a tenant-at-will. By legislation occupancy rights should be created both in *khalsa* and *istimrari* estates.

3042. 10. All money-lenders should be made to keep their cash books and *khata*s in prescribed forms and all monetary transactions between a villager and money-lender should be compulsorily verified and attested by the *patwari* and the *lambardar*.

3043. 13. No. Because it is said that he has got to spend about 15 per cent. of the amount in his attempt to borrow.

3044. 14. There is co-operation between the various co-operative credit societies but the *mahajan* money-lenders are against the co-operative credit societies.

3045. 15. The village money lender charges heavy rate of interest and generally he takes the whole produce of the agriculturists at the harvest and they are left at the mercy of the money-lender throughout the year. During famine and failure of monsoon the money-lender ceases to supply grain altogether. At least half the produce should be made unattachable and the creditor should be prohibited from recovering more than half the produce in lieu of his debt.

3046. 25. For redemption of mortgaged lands and for sinking of wells and making *madies*. There is no classification of land holders in the district and there are no big land holders.

3047. 26. Tenants cannot receive loans for improving their holdings because they are all tenants-at-will and always at the mercy of the *zamindars*. Landlords can also obtain long term loan on very unfavourable terms because owing to Land Alienation Act the security is precarious.

3048. 27. He cannot freely borrow because the Collector is the final authority for granting loans and he depends on the report of his subordinate officials and these in their turn depend on their subordinates. In my opinion the Collector should make direct enquiry and make the payment in his presence.

3049. 29. The Ajmer Land Alienation Act is the legal impediment. Yes, it creates an adverse effect on their capacity to borrow. But the Act prevents the lands from passing into the hands of the non-agriculturists. In my opinion unrestricted transfers should be allowed in favour of professional agriculturists.

3050. 31. They are none. No mortgage banks can prosper in view of the fact that land cannot be sold in execution of decrees and also in view of the fact that under the present system a mortgagee cannot enjoy the land for more than 20 years and after that period he must relinquish the land free of all mortgage lien. The Collector has also been given arbitrary powers under the Land Alienation Act to the detriment of the mortgagee.

3051. 44. The working of the co-operative movement requires stricter supervision on the various subordinate officials and the utter illiteracy of the cultivators should be removed. Compulsory primary education at least should be given and education cess should be imposed and recovered from each village. *Shamlat* fund is generally mismanaged.

3052. 46. None.

3053. 47. All co-operative societies should be granted exemption from income-tax and free remittance through Government Treasuries.

3054. 48. In urban areas people pay interest from 75 per cent. to 12 per cent. per annum. Christians and Eurasians and people of mixed breed employed in Railway workshop and who have got no property though drawing sufficient salary pay very high rates of interest because their expenses are not within their means although for them there is a Railway Co-operative Bank whence they can obtain money at very cheap rates of interest.

3055. 50. So far as I know the co-operative bank has not commenced to finance traders in our province. Their security is precarious as there are not many industries in our district.

3056. 51. Co-operative banks should, in my opinion, extricate the agriculturists from the clutches of the village *bania* and they should try to establish some industries in the villages and in each village co-operative banks should open schools to impart primary education. Ample Government aid can also be easily obtained for such purposes. The village bank should be relieved of the greater portion of the charges exacted by the Registrar, Co-operative Banks, and the Government should be made to bear it at least for 20 years.

3057. 53. All the produce should be purchased and stored by the co-operative bank of the village and it should be sold at the market rate in the beginning of January and May each harvest directly through commission agents. A portion of the grain to supply the need of the producers for feeding and seed should always be kept in stock and supplied at the market rate to the villagers and the members.

3058. 57. The village money-lender takes away all the produce of the debtors and supplies grain and some money as he considers proper for food and seed, but in famine and scarcity times the *bania* holds his hands back and the poor villager has to earn his livelihood by manual labour.

Rai Sahib BIJAI SINGH of Masuda.

3059. 1. An estimate, of the existing indebtedness of the agricultural classes of the Masuda Estate, can be made which amounts to some Rs. 2,50,000—

(a) As no mortgage of land is allowed in the *istimrari* areas, no debt can be had with land as security.

Rai Sahib Bijai Singh.

(b) No debt of the kind.

(c) Debt is incurred against the expectation of crops and their produce only.

(a) to (k). Generally these are the items for which a cultivator incurs debt, however no separation can be made regarding the debt under the special purpose mentioned.

(l) to (n). Very little is incurred as debt under these heads.

3060. The majority of the borrowers is of persons owning an economic holding and even less than that. There are no persons holding land over 100 acres.

3061. The only measure, for limiting borrowing for wasteful and unproductive purposes, is to make an inquiry from the village people about the financial condition of the borrower and the use for which he wants to borrow. The majority of the people is of slow and slothful nature; they care very little for producing more than what is necessary for their requirements, therefore, encouraging borrowing for productive purposes becomes practically out of question. Education only can improve them in this respect.

3062. The debt is largely due to the professional money-lenders and the co-operative societies.

3063. 2. The rates of interest charged by the various classes of creditors range from 9 per cent to 24 per cent per annum. Interest is calculated by the ordinary method of compound interest. Where the persons do not voluntarily pay their dues, the Government courts are the only means for enforcing repayment of debt.

3064. 4. In *istimrari* areas, the tenants are 'tenants-at will' and they can neither sell nor mortgage their lands and thereby the Agriculturists are never replaced by big zamindars or money-lenders.

3065. 5. In the *istimrari* areas, the landed property never passes into the hands of the creditors.

3066. 6. This process is never possible in the estate of an *istimrardar*.

3067. 7. There are a few money lenders in the Masuda Pargana who do exact personal services in lieu of interest on loans advanced to the cultivators.

3068. 9. The provision of the Usurious Loans Act is not in practice in the Masuda Estate.

3069. 11. There are no village *panchayats* for settling the monetary disputes between the creditor and the debtor in the Masuda Estate.

B.-FINANCE FOR AGRICULTURAL PURPOSES.

3070. 12. The present system, by which the agriculturists of the Masuda Estate obtain finance, is:—

(a) From the village money-lender and the co-operative societies.

(b) From the village money-lender or the co-operative societies. In cases where the money lenders are not willing to advance the amount required, the agriculturists get loans from the Estate.

(c) Either from the money-lender or the co-operative societies.

The majority of the cultivators of the Masuda Estate belong to the class of small cultivators. There is no cultivator who owns above 100 acres of land nor is there a large land-holder.

No special distinction can be made as regards the proportion of it under the heads, seed, plough, etc.

3071. As regards the rates of interest charged and the nature of security given and accepted for (a), (b) and (c), they are dealt with in reply to Question No. 2 above.

The rates of interest, 18 per cent. to 24 per cent. charged in several cases, are no doubt exorbitant.

3072. The rates of interest charged on cash advances and loans in kind are different. In the Masuda Estate, the professional money-lenders and the co-operative societies are the only agencies from whom the cultivators get the loan.

3073. 13. The 'Agriculturists Loans Act' does not apply to the cultivators of the *istimrari* estate.

3074. 16. A capital of nearly Rs. 2,00,000 is required at present for the various purposes mentioned in Question No. 12.

The estimate is formed on a due consideration of (1) the amount allowed by the co-operative societies, (2) a similar amount allowed by the professional money-lenders and (3) the amount allowed by the Masuda Estate.

3075. The capital available at present for the purpose is nearly adequate.

C.—FINANCE FOR MARKETING.

3076. 17—24. There is no regular system of marketing the various crops sown in the Masuda Estate, excepting cotton, the crops sown are nearly sufficient for the consumption of the people.

As regards cotton, it is generally taken to Bombay, through the agencies of the village money-lenders *via* Beawar and Bijainagar ginning and pressing factories.

D.—LONG PERIOD LOANS FOR AGRICULTURE.

3077. 25—37. As the tenants of the *istimrari* estates are tenants-at-will there is no special scope for them to get long period loans.

E.—INDUSTRIES SUBSIDIARY TO AGRICULTURE.

3078. 38—40. There are no small subsidiary industries, allied or supplement to agriculture, existing in the Masuda Estate. According to the old established custom, the village workmen, potters, carpenters, cobblers, etc., supply the wants of the village people.

F.—RURAL CO-OPERATION.

3079. 41. The co-operative credit societies in the Masuda Estate lend money and receive deposits.

3080. 43. The business of the co-operative societies with the agricultural classes in the Masuda Estate is mostly limited to money-lending only; any other movement of the co-operative nature is entirely wanting. Even the money-lending business is not quite satisfactory. The poor cultivators do not get seed and other necessities of agriculture in time for want of proper attention on the part of the officers concerned who are in direct touch with them.

3081. Regular inspections, closer association and personal inquiries on the part of the heads of the department can possibly go a long way in removing the defects. The co-operative movement is the best possible one of the kind. People should be regularly instructed to avail themselves of it.

Rai Sahib Bijai Singh.

Seth KHANWARLAL, Munim of the Firm of R. B. Seth Champalal Ramswarup, Kekri (Ajmer).

3082. 58. (a) Average of capital is generally below one lakh.

(b) Expansion of business in surrounding villages, Bombay and Karachi.

(c) Their expenses on business 1 anna 6 pies per rupee.

(d) The terms of village *sahukars* with the city *sahukars* are generally ~~fast~~, the village *sahukars* have no connection with the banks.

(e) They do not deal with Imperial Bank or any bank except with some co-operative credit societies from which they borrow sums to facilitate their trade.

3083. 59. Village *sahukars* and *mahajans* dealing in *hundis* with Bombay, Karachi and Agra do not deal in other documents; they prefer rupees to notes. They deal from October to June in seed supplying, produce selling and purchasing. A specimen of *hundis* is as below :—

(sd) Agent of the owner.

3084. Sidh Sri (village) subhasthai Bhai Shri R. B. S. Champalal Ram Sarup Jog Ikhi Kekri se R. B. S. Champalal Ram-sarup ki jawahir banchauasi apranch *hundi* ek tumhare upar kari rupaya 100, anken rupaya 80, nime rupaya pachas duna pura athe rakha. Miti pahunchhe turat shah jog rupaya hundichalan ka dijoyo sambat miti.

Sd Cashier.

No body deposits money with the *sahukars*.

3085. 60. In answer to this question I know the following points :—

- (1) *Sahukars* in their mutual transactions lend and borrow money at annas 8 per cent. per month.
- (2) City *sahukars* when they lend to villages, lend on the security of their property, moveable and immoveable.
- (3) Village money-lenders lend money to agriculturists at varying rates from Re. 1/- to Rs. 2 per cent. per mensem when they deal in cash.
- (4) When village money-lenders supply seed or manure they settle terms with agriculturists to return produce in same weight; they generally do not hypothecate their properties or take any kind of bond duly registered, but write a kind of promise in the *bahi khata* which is signed on an anna stamp by the debtor.

3086. 61. Village *sahukar* if he requires money has to hypothecate his moveable or immoveable property, or he often joins the co-operative credit society if there is one in the village; the city *mahajans* also do the same though they are not generally found in the list of the societies. The way of estimating their property which they hypothecate is generally $1\frac{1}{2}$ of the money they want to borrow and which is estimated on the prevailing rate in the market.

3087. 62. On the deposits which the *sahukars* receive, they grant 6 annas per cent. per month as interest, which is not changeable owing to fluctuations in the market; village money-lenders charge interest at 8 annas per cent. per month from other village money-lenders without taking any security up to Rs. 1,000 only.

3089. 63. The rate of interest which the agriculturists have to pay to *sahukars* is from Re. 1/- to Rs. 2/- per cent. per month; this can be reduced only when the money-lenders are convinced of the safe and punctual return of their amount. They may be benefited financially by decreasing the rate of interest, but until extravagant expenditure is checked they will derive no benefit. For the improvement of his agricultural land he requires preaching.

3090. 64 and 65. I am not fully aware of the scope of these questions.

3090. 66. The *sahukars* fulfil the cash requirements of the market generally.

3091. 67. Cash requirements are fulfilled in case of good credit without any security, and in other cases their properties are taken into mortgage.

3092. 68. There is no practice or procedure such as that referred to in this question.

3092(a). 69. There is no such surplus capital with the village *sahukars* which may be lying idle all round.

3093. 70. In the busy season a decrease of 8 annas and in slack seasons an increase of 4 annas is effected.

There are no dealings with the Imperial Bank as yet neither does any necessity for this seems to arise.

3094. 71. *Sahukars* are not acquainted with the law, they engage legal practitioners in their cases.

3095. 72. This station is far from the railway station; there cannot be any real gain until procedure with the Imperial Bank is adopted as in Beawar and Ajmer.

3096. 73. I cannot suggest any reason for this.

3097. 74. If such schemes are framed which do not bring any ruin on the village *sahukars* the city *sahukars* will not object to it.

3099. 76. There is no necessity to form any scheme for this.

3100. 77. Yes, any of the banks mentioned therein if organised here can fulfil their requirements. This is *istimrari* area and land cannot be hypothecated. If a bank can be formed which will not require immoveable property to be mortgaged, it will be a boon to the agriculturists.

3101. 78. The question is out of my scope.

3102. 79. Their miscellaneous income is very small, most of them cannot save any money, some of them who do not deposit anywhere from fear of forfeiture but bury in the ground of their own house.

3103. 80. The ratio of saving on their capital is very small.

3104. 81. Some ornaments are worn here according to the practice of the country.

Yes, many people realize the necessity of saving. I cannot estimate the amount of savings in the circle.

3105. 82. Literate persons generally deposit their savings in the post offices or banks or insure their lives while illiterate persons do not deposit anywhere but bury them.

3105 (a). 83. Agriculturists help their fellow agriculturists in advancing loans without any specific terms, but they generally bury their savings and use them for ceremonies, etc.

Seth Bhanwatal.

MEHTA INDAR CHAND of Harwara.

(Free translation from Hindi.)

3106. 1. These can be ascertained from the office of the Registrar in the Tehsil.

A great portion of the loan is advanced by co-operative societies. *Sahukars* also advance loans to *zamindars* and some time *zamindars* also lend to others in their community.

3107. 2. The interest charged varies from 6 to 18 per cent. per annum according to circumstances.

3108. 3. The system in general does not need much improvement. However such facilities in realisation of loans may be afforded to the money-lenders in rural areas as are enjoyed by co-operative societies and court-fees should be reduced to $7\frac{1}{2}$ per cent.

3109. 4. No.

3110. 5. No.

3111. 6. No.

3112. 7. No.

3113. 10. No.

3114. 11. No.

3115. 12. The cultivators in this country take *takavi* loans and also borrow from co-operative banks and indigenous money-lenders. In times of need they borrow money from whatever source they can get easily.

3116. 17. There are markets at Beawar, Ajmer, Bijainagar, Kekri and Nasirabad. There was one at Harwara also but a railway line has since been laid from Marwar to Kawati and a mill having been installed in Kishangarh, it has been closed.

3117. 18. The commission varies from as. 12 to Re. 1 and the brokerage from as. 2 to as. 8 per cent.

3118. 13. The produce is sold to the money lender and also taken to the market.

3119. 25. No.

3120. 26. Under the existing law a cultivator can obtain loan on the security of his land for as long a period as 20 years and this system is satisfactory.

3121. 29. The land cannot be mortgaged or sold unless sanction of the Collector is obtained.

3122. 63. The rate of interest varies from $\frac{1}{2}$ to $1\frac{1}{2}$ per cent. per mensem. There is hardly any necessity of reducing the rates because the interest charged in other provinces such as Assam, Madras, etc., is even higher than this.

3123. 64. There is no prejudice against the indigenous bankers. Their business is going on smoothly.

3124. 65. After making allowance for legal expenses and losses the indigenous bankers and money-lenders make profit from 1 to 4 per cent. and sometimes incur losses, too, through mutual settlement or on account of the debtors having become insolvent. The Insolvency Act is sometimes availed of only to escape payment.

3125. 69. *Sabukars'* money does not remain idle. On the other hand there are agriculturists who after advancing loans, have surplus money.

3126. 71. If the facilities, provided by the Government for the co-operative societies in collecting loans, are afforded to the indigenous bankers and money-lenders there can be some improvement in the system.

3127. 79. Many agriculturists have surplus income, which they advance on interest but do not like to invest it in the banks.

3128. 82. The agriculturists advance loans to others of their community. The interest charged varies from $\frac{1}{2}$ to $1\frac{1}{2}$ per cent. per mensem.

3129. 85. The Postal Cash Certificates can be made popular only if the rate of interest is increased.

3130. 88. Such people may be induced to invest money in mills and factories.

REPLIES TO THE SPECIAL QUESTIONNAIRE FOR CENTRAL CO-OPERATIVE BANKS.

L. CHUNI LAL GUPTA, Honorary Secretary, Ajmer Central Co-operative Bank Limited, Ajmer.

3131. 1 and 2. In this district, loans to agricultural societies are advanced by central banks on the recommendations of the Government Inspectors within the maximum credit limit fixed for each society every year by the Registrar.

Also, recoveries are made from the societies by the Inspector and his staff.

Kists for repayments at each crop are prepared by the Government Inspector and his staff without regard to the promises made by the societies to the central banks in their loan applications and a statement of such *kists* of the affiliated societies and the Central Bank is sent by the Registrar to the central banks for information at each harvest.

Thus the power of advancing loans to the societies, fixing their *kists*, and making recoveries lies in the hands of the Registrar and his staff. The Bank merely plays the part of a cashier. Not only this, but the bank has also no information or knowledge of the purpose for which loans are advanced.

The required information may therefore be had from the Registrar's Office.

3132. 3. The following are the figures of demands and recoveries of the societies for the last five crops:—

				Demand.	Recovery.
				Rs.	Rs.
<i>Rabi</i> , 1927	..	..	..	79,720	58,757
<i>Kharif</i> , 1927	..	..	..	85,268	61,407
<i>Rabi</i> , 1928	..	..	..	87,524	64,007
<i>Kharif</i> , 1928	..	..	..	99,409	65,500
<i>Rabi</i> , 1929	..	..	..	38,407	23,164

3133. 4. The statement showing the required information is attached herewith.

3134. 5. Yes, the following societies were liquidated:—

1. Ajmer Co-operative Credit Society known as Urban Bank.
2. Pirmitha Co-operative Credit Society, Unltd.
3. Lungia Mission Co-operative Credit Society, Unltd.
4. Topdara Co-operative Credit Society, Unltd.
5. Bara Topdara Co-operative Credit Society, Unltd.

3135. 6. No. Its position has never been embarrassed as it has got ample funds at its disposal. About 23 per cent. of the amount due to the Central Bank by all kinds of societies is due from non-agricultural societies.

				Rs.
3136. 7. 1. Paid up share Capital	..	..	--	1,00,000
2. Fixed Deposits	..	..	..	9,10,109
3. Other borrowings	..	..	..	1,87,045
4. Reserve Fund	..	..	..	1,29,613
5. Other Funds	..	..	..	67,142
6. Undistributed profits	..	..	..	122
7. Miscellaneous	..	..	..	11,977

3137. 8. (a) 1. An amount of Rs. 15,013 was lying in current account of the primary societies on 30th June 1929. There are no Savings Bank Deposits.

An amount of Rs. 73,145 was lying in fixed deposit account on the 30th June 1929 of the following non-agricultural societies in this bank. All the fixed deposits are for 1 year:—

			Rs.
1. Kayastha Co-operative Credit Society	..	..	5,689
2. B., B. & C. I. Ry. Indian Association	..	..	24,485
3. Christmas Annual Co-operative Credit Society	..	..	2,108
4. Indian Presbytery Church Co-operative Society	..	..	5,775
5. Ajmer Co-operative Thrift and Saving Society	..	..	16,724
6. Ajmer Co-operative Staff Thrift Society	..	..	2,562
7. Rajputana Secretariat Co-operative Thrift and Saving Society, Mount Abu	..	..	10,405
8. Muslim Co-operative Thrift Society	..	..	937
9. Ajmer Merwara Vernacular Teachers Co-operative Thrift Society	..	..	4,029
10. Oetroi Employees Co-operative Thrift Society	..	..	689
Total	..	..	<u>73,103</u>

(b) 1. An amount of Rs. 92,464 was lying on the 30th June 1929 in current fund accounts.

An amount of Rs. 8,01,869 was lying in fixed deposit from individuals on 30th June 1929. Almost all the fixed deposits are for one year.

Share-holders are allowed interest on Fixed Deposits at a rate half per cent. higher than non-shareholders.

3138. 9. Out of the amount of Rs. 1,87,045 of the other borrowings an amount of Rs. 20,637 is in Provident Fund Deposits Accounts (i.e., accumulative accounts), Rs. 70,813 are in Current Accounts, Rs. 15,581 are in Current Deposits which are refundable in lump-sums and Rs. 588, are in Home Saving Safe accounts.

10. (i) For normal requirements a cash credit of Rs. 50,000 has been arranged with R. B. Seth Tikam Chand an indigenous banker of Ajmer on which the bank has to pay interest at 6 per cent.

(ii) For sudden emergencies, the bank obtains overdraft in current account from the Imperial Bank of India against its Government securities.

The liquid resources are about 40 per cent of the total assets of the Bank.

L. Chuni Lal Gupta.

No emergencies have occurred.

ii.

Fixed Deposits.		Fresh.	Renewals of old deposits before 10th October 1926.
Shareholders	.. ..	3½%	5%
Non-shareholders	.. ..	3%	4½%
		Societies.	Individuals.
Current Account	.. ..	2%	1½%
Provident Fund Deposits (accumulative deposits).	.. ..	..	6½%
Security deposits of Staff	.. ..	..	6%

3140. 12. Yes. The bank has got enough surplus. Government securities are generally purchased from the surplus amount. The rates of interest have also been reduced on fixed deposits.

The reduction in the rate of interest has not resulted in excessive withdrawal of the deposits.

3141. 13. (i) The bank lends to the co-operative societies at 8 per cent. and 9 per cent. Interest is charged to good societies at 8 per cent. and the rest at 9 per cent.

The bank has also reduced rates of interest on loans due from 16 heavily indebted societies varying from 6 per cent. to 3 per cent.

The bank charges no interest from liquidated societies till the principal amount is cleared.

(ii) From housing societies, the bank charges interest at 7 per cent. From non-agricultural societies at 7½ per cent. to 9 per cent.

From central co-operative banks and mortgage banks at 6 per cent.

3142. 14. The primary rural societies charge interest at 12 per cent. from their members.

3143. 15. The Central Bank does not insist on any collateral security

3144. 16. This information may be had from the Registrar's office.

3145. 17. (i) Generally the *sarpanchs* of societies come personally to obtain loan or to credit the recoveries in the central bank. Sometimes the amounts are transmitted by money orders, in which case ½ths of the amount of the money order commission is refunded by the Post Office.

(ii) There is no Provincial Bank in this District, but the funds are transmitted by Remittance Transfer Receipts or by Treasury Orders from one central bank to another.

The interest on fixed deposits and dividends are paid at the bank's counter to the depositors and shareholders or by registered insured post or money order at their requests.

3146. 18. 10 per cent.

3147. 19. No.

3148. 20. The Central Bank was founded in the year 1910. The number of affiliated societies on the 30th December 1926 was 278.

3149. 21. Out of the Directors, 8 are from individuals, and 4 are representatives of the societies affiliated to the bank.

The representatives of the rural societies on the directorate of the bank are generally consulted in each and every matter, but owing to their little education they cannot take any active part in the detailed working of the bank.

3150. 22. The bank is enjoying full confidence of the public as will appear from the deposits which are pouring in even at very low rates such as $3\frac{1}{2}$ per cent. and 3 per cent.

Out of the working capital of about 14 lacs about 3 lacs are its own capital. For the rest of the liabilities of 11 lacs, the bank has got Govt. securities worth about 6 lacs, against which overdraft from the Imperial Bank of India can be obtained at any moment, i.e., its fluid resources are more than 50 per cent.

There is no field for investments of the bank money in the co-operative movement of the district, hence its further activities have almost been blocked for the past several years.

No.	Names of Societies.	No. of members.	Purpose.	Financial condition on 30th June 1929.	
				Fixed deposit in Central Bank.	Central Bank Loan.
1	Kayastha Co-operative Housing Society	..	Better housing	Rs.	Rs.
2	Khatri Co-operative Housing Society	..	Iditto	..	51,211
3	B., B. & C. I. Ry. Co-operative Indian Association	..	Stores	24,485	38,809
4	Rajputana Salt Sources Co-operative Labour & Saving Society	..	Labour and Saving	..	78,350
5	Kayastha Co-operative Educational Society	69	Advances for education of children of members	..	.. 75
			Credit Limited.		
6	Kayastha Co-operative Credit Society	262	Iditto	5,689	4,689
7	Khatri Co-operative Banking Society	126	Iditto	..	2,724
8	Punjabee Co-operative Bank	45	Iditto	..	1,600
9	Indian Presbyterian Church Co-operative Society	60	Iditto	5,775	149
10	X'mas Annual Co-operative Society	50	Iditto	2,108	..
11	B., B. & C. I. Railway Engineering Society	45	Iditto	..	1,393
12	Postal Staff Credit Society	48	Iditto	..	1,765
13	Nagra Co-operative Staff Credit Society	28	Iditto	..	381
14	Ajmer Co-operative Staff Credit Society	18	Iditto	..	644
15	Vedic Yantralaya Co-operative Credit Society	16	Iditto	..	..
16	Jadugar Co-operative Credit Society	18	Credit Unlimited	..	461
17	Lalbegi Co-operative Credit Society	35	Iditto	..	286
18	Ajmer Sweepers Co-operative Credit Society	13	Iditto	..	340
19	Inderkot Muslim Co-operative Credit Society	19	Iditto	..	472
20	Local Committee Co-operative Credit Society	21	Iditto	..	235
21	Ajmer Co-operative Thrift & Saving Society	24	Thrift and Saving	16,724	..
22	Rajputana Secretariat Co-operative Thrift & Saving Society	69	Iditto	10,404	..
23	Ajmer Co-operative Staff Thrift & Saving Society	12	Iditto	2,262	..
24	Ajmer Vernacular Teachers Co-operative Thrift Society	82	Iditto	4,029	..
25	Oestroi Employees Thrift Society	16	Iditto	689	..
26	Muslim Co-operative Thrift Society	15	Iditto	937	..
27	Boswar Central Co-operative Bank	..	Central Co-operative Bank	26,000	..
28	Nasirabad Central Co-operative Bank	..	Iditto	9,000	..

**Mr. SOBHAG LAL RAWAT, M.A., B.Sc., LL.B., Vakil, High Court,
Honorary Secretary, Beawar Central Co-operative Bank, Ltd.,
Beawar.**

3152. 1. (a) This information lies with the field staff. The Bank does not distinguish between short term and long term loans.

(b) The outstanding loans to rural credit societies is repayable as under:—

(i) in 1929, Rs. 40,000.

(ii) in 1930, Rs. 45,000.

(iii) in 1931, Rs. 50,000

(iv) in 1932-38, Rs. 2,65,000.

(v) after 1938, the new advances made during the year 1929—1938.

(c) There is no record of the *Kistbandi* in the Bank.

3153. 2. The purpose for which the loan is taken is not stated in the application; hence this information cannot be given.

3154. 3. The proportion of the recoveries from the rural credit society for the last three years are as under:—

(i) 1926-27, 2/13, (ii) 1927-28, 1/8, (iii) 1928-29, 2/13.

3155. 4. There are 30 mill societies and 6 others. The advances are made for business purpose. Their present financial position is good.

3156. 5. Two such societies have been liquidated during the past 5 years.

3157. 6. The financial position of the Bank is not embarrassed by its connection with such societies in our case. They are more prompt in paying their instalments and the interest due from them. The Bank is earning interest on its surplus funds by advancing to these societies. The proportion is 17/100 of the other societies.

3158. 7. Working capital of the Bank as on 31st December 1928 was as under:—

			Rs.	s.	p.
1. Paid up share capital	..	..	1,01,300	0	0
2. Deposits	..	..	4,50,899	12	11
3. Other borrowings	..	..	29,578	1	0
4. Reserve fund	..	..	49,535	9	2
5. Other funds	..	..	39,438	9	8
6. Undistributed profits	..	..	11,085	0	8
7. Miscellaneous	..	..	542	11	6
Total	..	..	6,82,379	12	11

3159. 8. Details of deposits as on 31-12-29:—

A.—By primary Societies.

			Rs.	s.	p.
(i) On current accounts, etc.	..	..	398	11	9
(ii) On fixed deposits:—					
1 year	..	..	—		NIL
2 years	..	..	3,044	9	12
3 years	..	..			NIL
More than three years	..	..			NIL

Mr. Sobhag Lal Rawat.

B.—By individuals.

			Rs.	a.	p.
(i) Current accounts, etc.	..	..	2,333	13	7
(ii) On fixed deposits, etc. :—					
1 year	..	..	2,84,702	6	2
2 years	..	..	1,55,102	3	11
3 years	..	..			Nil.
More than three years	..	..			Nil.

The shareholders are allowed interest at a quarter per cent higher than the non-shareholders.

3160. 9. Further details of "other borrowings" :—

			Rs.	a.	p.
Unpaid dividend	..	..	2,345	10	0
Interest payable on fixed deposits	..	..	2,232	7	0
Cash Credit, Ajmer Central Co-operative Bank	..	..	25,000	0	0
Total	..	..	29,578	1	0

3161. 10. Liquid resources of the Bank

(i) The Bank has got in addition to its own balances with the bankers a cash credit limit of Rs. 25,000 with the Ajmer Central Co-operative Bank and Rs. 5,000 with local bankers for normal requirements.

(ii) Rs. 25,000 are invested in Government securities and a loan can be taken against them in case of emergencies. The proportion is 11 per cent. to the total assets of the Bank. No emergency has occurred up till now.

3162. 11. The rates of interest allowed on current account is 2 per cent.

On fixed deposits from $3\frac{1}{2}$ per cent. to $5\frac{1}{2}$ per cent.

On other borrowings it is paid at 6 per cent.

3163. 12. The Bank has got more deposits than it can profitably employ.

The rates of interest have been reduced in order to reduce the amount of deposits. The reduction in the rate of interest has resulted in withdrawal of deposits to some extent.

3164. 13. The interest charged (i) from rural credit societies and other societies is 9 per cent., (ii) from mortgage societies it is $6\frac{1}{2}$ per cent.

There are some exceptional rates in cases of bad societies.

3165. 14. The societies lend to their members at 12 per cent.

3166. 15. It is not the practice over here.

3167. 16. This information lies with the field staff.

3168. 17. Transmission of funds between the Central Bank and the Societies. Generally the transaction is made in the Bank office. The society authorises any of its members to receive the amount of the loan raised by them, and the same is the system in case of recovery. Sometimes the amount is remitted by postal money order.

(ii) The funds are remitted from one bank to another by Remittance Transfer Receipt. The interest on deposits is paid by cheques on the Ajmer Central Bank or by insured covers. The dividend is either credited to their respective accounts or remitted by postal money orders.

3169. 18. Dividend declared in 1926 is $4\frac{1}{2}$ per cent

Ditto 1927 „ Nil.

Ditto 1928 „ 5 per cent.

3170. 19. No such business is transacted at this bank.

3171. 20. The Bank was registered on the 27th January 1913, and the total number of affiliated societies on the 31st December 1928, was 254. The number of members of the societies cannot be ascertained.

3172. 21. There are 12 directors of the Bank of whom 6 are professional gentlemen of the towns and 6 are the representatives of the rural societies. The latter have no real influence on the general policy or on the working of the Bank.

3173. 22. There is nothing special.

**Mr. RAJNARAIN BRAHMWAR, Managing Director, Nasirabad
Central Co-operative Bank Ltd., Nasirabad.**

3174. 1. (1) No, this Bank does not distinguish between short term and long term loans. The amount repayable is in most cases determined at each crop according to the prospects of the season.

As the *kistbandis* are prepared by the Registrar's office in this district, no figures can be given by the Bank.

(b) The amount repayable in each year cannot be ascertained from any records in the office of the Bank.

(c) No information is available in the Bank's office.

3175. 2. In the loan applications submitted by the societies to the Bank the purpose of loans is not mentioned. Hence the information is not available in the office of the Bank.

3176. 3. As no *kistbandi* is maintained by the Bank, the proportion cannot be given.

3177. 4. Besides rural credit societies 14 urban credit, 2 sheep production and 1 supply union are affiliated to this Bank. Further information cannot be given as no record is maintained by the Bank.

3178. 5. Only 2 sheep production societies were liquidated during the year 1928-29.

3179. 6. The Bank's own financial position was never embarrassed by its connection with such societies. The amounts of outstanding liability at the close of 1928-29 are as below :—

	Rs.
Amount due from urban and other credit societies ..	11,768
Amount due from rural credit societies ..	77,825
Proportion	2 : 3

Mr. Rajnarain Brahmwar.

3180 7. The agricultural and not calendar year is adopted by the Bank. The working capital as it stood on the 30th June 1929 is noted below:—

	Rs.
1. Paid up share capital	25,000
2. Deposits	68,707
3. Other borrowings	Nil
4. Reserve Fund	10,970
5. Other funds	2,777
6. Undistributed profits	220
7. Miscellaneous	5,316
Total	1,12,990

3181. 8. Further details of deposits are noted below:—

A.—By primary Societies.

	Rs.
(i) On call	4,406
(ii) On fixed periods—	
1 year	2,596
2 years	Nil
3 years	Nil

B.—By individuals.

	Rs.
(i) On call	375
(ii) On fixed periods—	
1 year	33,714
2 years	5,484
3 years	16,728

No restriction of any sort is in force. Deposits are accepted from all persons without distinction if the Bank's financial requirements justify their acceptance.

3182. 9. During the year 1928-29 Rs. 22,100 were borrowed from the Ajmer Central Co-operative Bank Ltd. and the full amount with interest at 6 per cent. per annum was repaid before the close of the year.

3183. 10. Recoveries from societies ordinarily meet the normal requirements of the bank. For emergencies the bank has to fall back upon cash credit allowed to the extent of Rs. 15,000 by the Ajmer Central Co-operative Bank Ltd. The bank had also Rs. 9,765 invested in postal cash certificates which could be discharged when necessity arose. Its proportion to the total assets is 1:8.

Occasionally the bank had to face such emergencies which were easily met by drawing upon the cash credit allowed by the Ajmer Bank in full.

3184. 11. Rates of interest paid by the bank on deposits during 1928-29 were as follows:—

- For 1 year 4 per cent.
- For 2 years 4½ per cent.
- For 3 years 5 per cent.

Since the close of the year the bank had to raise its rate as below :—

For 1 year 5 per cent.

For 2 years 5½ per cent.

For 3 years 6 per cent.

On cash credits, i.e., other borrowings 6 per cent.

3185. 12. No, the Central Bank has not got more money on deposits than it can profitably employ, which is clear from the fact that it holds deposits worth Rs. 68,707 while the amount of loan to societies is Rs. 89,594.

Certainly a reduction in the rate of interest will cause excessive withdrawals of deposits owing to the stringency of money in the market at present. The bank necessarily adjusts its rates according to its financial requirements.

3186. 13. The bank lends to all the rural, urban and other societies at 9 per cent.

But A and B class societies, i.e., good societies are charged only at 8 per cent. As regards *takavi* loans the rate is only 6½ per cent. There is no other exceptional rate.

3187. 14. The primary rural credit societies generally lend at 12 per cent. to their members.

3188. 15. All the rural credit societies insist on security for each and every loan, advanced to their members.

No collateral security is however taken from the primary rural credit societies by the bank.

3189. 16. The bank has no information on these points.

3190. 17. The transmission of funds (i) between the bank and the primary societies is arranged either through members or postal money order system, and (ii) between the Provincial Bank and the Central Bank through the manager only. To persons resident in Nasirabad the interest on deposits as well as dividend is paid direct by the manager or by means of cheque on the bank's treasurer, otherwise the sum is remitted by money order.

3191. 18. The Central Bank has been declaring dividend at 8 per cent. during the period referred.

3192. 19. No, the Bank does not engage in any other banking business.

3193. 20. The Central Bank was registered on the 8th June 1913.

The total number of affiliated societies is 68. The information regarding their members is not available.

3194. 21. Seven of the present directors are professional gentlemen of Nasirabad town and the remaining five are representatives of 3 rural and 2 urban societies.

The latter have no real influence mainly on account of their ignorance or incompetency.

Mr. Rajnarain Brahmwar.

Summary of replies from Postmasters of Head and Sub-offices in the Province of Ajmer-Merwara to the Special Questionnaire for Postal Officials.

3195. 2. What classes of people keep their savings in Post Office Savings Bank and what roughly is the proportion of the deposits of each of these classes to the total?

The replies are,—Ajmer, all classes; Deoli, only people in Government and State service; Kekri, middle class people, especially employees of Government and State; Nasirabad, all except traders; and Todgarh, only Government officials. The proportions of deposits by the different classes have not been given.

3196. 3. Are the advantages of Savings Bank business sufficiently known to the public in your area? How do the facilities offered by your branch compare with those offered by branches of the Imperial Bank or of the Indian joint-stock banks, if any exist in your locality? What further facilities would you suggest to make this class of business more popular?

All the Postmasters report that the advantages of Savings Banks are sufficiently known to the people in their respective areas. According to the Postmaster of Ajmer the facilities offered by the banks are little better than those offered by the Post Office while the rest of the Postmasters do not reply to this part of the question. The Postmasters of Ajmer, Deoli, Kekri and Nasirabad suggest that the rate of interest should be increased, while the Postmaster of Nasirabad proposes in addition, the removal of restriction as to withdrawals which are now allowed only once a week, and that interest should be allowed on deposits made after the 4th of the month.

3197. 4. How do persons other than depositors invest their occasional or permanent savings in your locality? Do you think that if your branch opens current accounts bearing no interest or a nominal rate of interest withdrawable by cheque, it will attract any substantial deposits from the various classes of people in the area in which your branch is located?

People other than depositors invest with bankers in Deoli and with shopkeepers in Kekri, while at Nasirabad they lend at higher rates or invest on mortgage of land and ornaments or deposit in co-operative bank or the Imperial Bank of India. The Postmasters of Ajmer and Deoli think that current accounts bearing no interest or a nominal rate of interest withdrawable by cheque will not attract any substantial deposits from the public.

3198. 5. Have you experienced any difficulty in meeting the demand for withdrawals from the cash ordinarily kept in your branch?

The Postmasters of Ajmer, Nasirabad and Todgarh report that they do not meet with any such difficulty while the Postmaster of Deoli says that occasionally he has to ask the head office to meet the demand for withdrawals.

3199. 6. Do you usually have a surplus of remittances to your branch over remittances from your branch? Please mention the months of the year during which you usually have a surplus.

The Postmasters of Ajmer and Todgarh report that they do not usually have a surplus, while the Postmaster of Nasirabad says that he has surplus in all months. The Postmaster of Kekri says that he receives surplus cash from branch offices.

3200. 8. What percentage of the people living in the locality in which your office is situated are familiar with cash certificates? What methods would you suggest to make the facilities offered by this system better known to them. Do the present rates of cash certificates require revision? How do these rates compare with the return on investments on land, etc., or the net earning from money lending? Are there any grounds for believing that the rates offered on postal cash certificates are having prejudicial effect on the deposits in branches of the Imperial Bank or of joint-stock banks in your locality?

The Postmaster of Ajmer thinks that almost every one is familiar with cash certificates, and the Postmaster, Deoli, says nearly all literate persons are familiar. The Postmasters of Kekri and Nasirabad state that the percentage of people familiar with this form of investment is very small. The Postmasters of Ajmer, Deoli, Kekri and Nasirabad think that a revision in the rate of cash certificates is necessary, as the present rates are, in their opinion, too high. The Postmaster of Nasirabad says that the rate of interest allowed on cash certificate is less than the income from investments on land, etc.

3201. 9. Are there any special development difficulties standing in the way of your office:—

- (a) serving as a place of safe deposit for gold, silver, jewellery, documents, etc.;
- (b) opening current accounts;
- (c) selling Government Securities;
- (d) undertaking encashment of notes into gold in small amounts at rates which do not involve loss to Government;
- (e) lending out surplus funds on the spot under suitable safeguards and limitations to—
 - (i) licensed *mahajans*, (2) agriculturists, (3) non-agriculturists.

What safeguards, security, restrictions and control would you suggest in each case?

The Postmaster of Kekri thinks that none of the above transactions need be introduced in his office. As regards the Post Office serving as a place for safe custody for gold, etc., the Postmaster of Deoli says that his office is very unsafe as the people in the vicinity belong to criminal tribes, while the Postmaster of Nasirabad says that the introduction of this transaction will necessitate extra staff. For the opening of current accounts there are no difficulties at Ajmer, while at Deoli it is not possible as bankers pay interest even for a day. There are no difficulties at Ajmer for the sale of Government securities, while at Deoli there is no demand for them. The Deoli and Nasirabad Postmasters think that the transactions contemplated in (d) are impossible at their places. At the former place *sarrafs* import gold from Bombay. Item (e) is considered unsafe by the Postmaster of Nasirabad, while the Postmaster of Deoli says that the Post Office can lend surplus funds to agriculturists.

APPENDIX I.

COPY OF A DEMI-OFFICIAL LETTER FROM RAI SAHIB KISHAN LAL, REVENUE EXTRA ASSISTANT COMMISSIONER, BEAWAR, TO PROF. H. L. CHARLANI, M.A., INDIAN ECONOMIST, CENTRAL AREAS BANKING ENQUIRY COMMITTEE, No. 722, DATED 25TH MARCH 1930.

3202. As discussed at Rajiwas I send a list of a few villages in Kalinjar Circle where the members of the village Co-operative Societies had taken loans from the local money-lenders on enhanced rate of interest for paying, the Society dues, verified by the Inspector, Co-operative Societies, Beawar. In some cases the entries were not verified by the Inspector as the information was not traceable or the repayment entry could not be verified. The practice is in vogue in majority of cases. A few have been cited as examples.

KALANJAR CIRCLE.

List of borrowers who borrowed money from *mahajans* for repaying their loans to the co-operative bank or who borrowed from *mahajana* very soon after repaying their instalments to the bank, sent by Rai Sahib Kishan Lal, Extra Assistant Commissioner, Beawar. (Translated from Hindi).

Serial No.	Village.	Mahajans' names, etc.	Borrowers' names, etc., and Caste.	Money borrowed.	Date and year of borrowing.	Remarks by the Inspector, Co-operative Societies, Beawar who was requested to verify the facts.
1	Kotra . . .	Kesari Mal s/o Amolak Chand.	Manga c/o Ratana. — Blai Caste.	Rs. s. p. 50 0 0	25th May 1928	Repaid Rs. 60-4-0 to Society on 1st May 1928.
2	Do.	Misri Lal s/o Chauth Mal	Rama s/o Moti.—Blai Caste	40 0 0	29th December 1928	Repaid Rs. 55 on 31st December 1928.
3	Do.	Ditto	Dhira s/o Mulla.—Blai Caste .	50 0 0	20th June 1928	Repaid nothing.
4	Do.	Ratan Chand s/o Kumi Mal.	Hira s/o Bana.—Rawat Caste	10 0 0	30th November 1928	Repaid Rs. 81 on 31st October 1928.
5	Do.	Ditto	Pura s/o Budha.—Rawat Caste	80 0 0	Ditto	Not traceable. Society is under liquidation.
6	Do.	Devi Chand s/o Hazari Mal.	Hunjari s/o Tanla.—Rawat Caste	25 0 0 <i>p/hus</i>	16th May 1923, 30th June 1925.	No such member.
7	Do.	Kesari Mal s/o Amolak Chand.	Bhima s/o Rama.—Rawat Caste	26 4 0 300 0 0 <i>p/hus</i>	9th December 1924	Under liquidation.
8	Do.	Ditto	Ghisa s/o Lalla.—Rawat Caste	100 0 0	...	Ditto.
9	Do.	Ditto	Makna s/o Tola.—Rawat Caste	10 0 0	10th December 1924	Not traceable.
10	Do.	Ratan Chand s/o Mui Chand.	Ratna s/o Bhavana.—Rawat Caste.	<i>p/hus</i> 10 0 0 60 0 0	5th April 1928, 20th May 1928.	Repaid Rs. 60 on 22nd November 1928.
11	Do.	Ditto	Purma s/o Gaina.—Rawat Caste.	50 0 0	19th November 1928	Repaid Rs. 50 on 32nd November 1928.
12	Do.	Ditto	Dala s/o Parsa.—Rawat Caste		23rd November 1928	

No.	Notes	Restan Chand, son of Mul Chand.	Rupa, son of Kidara	42 8 0	3rd June 1928	Repaid Rs. 40 on 20th May 1928.
14	Do.	Chauth Mal, son of Sarda Ram.	Hira, son of Duda. Caste—Merat.	8 0 0	18th December 1930.	Not traceable.
15	Do.	Ditto	Ghisa son of Lasamara	29 0 0	6th June 1921	Ditto.
16	Do.	Ditto	Neha, son of Jussa. Caste—Merat.	58 0 0	3rd March 1921	Ditto.
17	Do.	Ditto	Duga, son of Moba. Caste—Merat.	30 0 0	20th December 1922.	Ditto.
18	Gohna	Kesari Mal, son of Hajari Lal.	Sukh and Bhoma, son of Aga. Caste—Rawat.	21 0 0	20th January 1927	Ditto.
19	Abolmedhab	Kusk Mal, son of Gangai Mal.	Dubta, son of Khuba. Caste—Rawat.	150 0 0	23rd December 1920.	Ditto.
20	Do.	Lakhmi Chand, son of Gumsaro Mal.	Teja, son of Budha. Caste—Rawat.	60 0 0	5th June 1927	Ditto.
21	Do.	Ditto	Lakha, son of Gana. Caste—Rawat.	110 0 0	30th December 1921, 22nd May 1923, 20th January 1929, 17th September 1929.	Ditto.
22	Do.	Ditto	Hamori, son of Gjara. Caste—Rawat.	80 0 0	8th June 1925, 25th May 1928, 6th January 1929.	Ditto.
23	Sarhani	Sarna Mal, son of Agar Chand.	Duba, son of Jodha. Caste—Rawat.	50 0 0	2nd January 1929	Under liquidation.
24	Kotra	Mari Mal, son of Chauth Mal.	Sarna, son of Girma. Caste—Rawat.	80 0 0	15th January 1929, 25th December 1928.	Repaid Rs. 76 on 23rd January 1929.
25	Do.	Ditto	Amra, son of Para. Caste—Rawat.	40 0 0	29th December 1928.	Repaid Rs. 20 on 24th January 1929.

Serial No.	Village.	Mahajans' names, etc.	Borrowers' names, etc., and Caste.	Money borrowed.	Date and year of borrowing.	Remarks by the Inspector, Co-operative Societies, Bawar who was requested to verify the facts.
26	Sahyapura	Gulab Chand, son of Hamir Mal.	Duga-bager son of Randhira Rawat.	Rs. a. p. 120 0 0	22nd December 1924.	
27	Do.	Dip Chand son of Man Mal.	Lasa son of Jala Rawat.	30 0 0	7th January 1928.	
28	Do.	Ditto	Akha son of Higa Rawat	25 0 0	7th January 1929.	
29	Do.	Gulab Chand son of Hamir Mal.	Moka, Bira, Rip, Saran and Mucha Rawats.	269 0 0	13th August 1928.	
30	Do.	Ditto	Deva son of Kesa Rawat	136 0 0	Do.	
31	Shabra	Tanu Chand son of Das Mal.	Natha son of Burla Rawat	110 8 0	31st January 1925.	Society under liquidation.
32	Do.	Kesari Mal son of Chatur Bhuj.	Ditto	100 0 0	17th December 1928.	Ditto.
33	Do.	Ditto	Kula son of Bhima Rawat	210 10 0	29th December 1923.	Ditto.
34	Do.	Kesari Mal son of Chatur Bhuj.	Pana son of Magha Rawat Caste.	106 4 0	13th December 1928.	Under liquidation.
35	Do.	Jain Mal son of Pana Chand.	Javana son of Pika Rawat	19 0 0	17th January 1919	Ditto.
				133 0 0	1st January 1923	
				and 154 0 0	21st January 1924	
36	Do.	Ditto	Lala son of Amra Rawat	20 0 0 and 15 0 0	7th November 1922 and 9th January 1925	Ditto.

37	Do.	Ditto	Maika son of Gaina Rawat	13	13	0	28th January 1922	Do.
38	Kabre	Jaithu Mal son of Pana Chand.	Phoja son of Khuba Rawat	27	8	0	8th January 1919	Do.
39	Do.	Sakh Lal son of Indar Chand.	...	47	14	0	14th January 1919 and	Do.
40	Do.	Ditto	Hiba, Pika and Ragi sons of Amra.	42	8	0	19th January 1920	Do.
41	Do.	Dabar Mal son of Hazari Mal.	Hira father to Noba indebted Rawat.	59	8	0	19th January 1920	Do.
42	Do.	Ditto	Dhuba son of Bahadar Rawat	10	0	0	20th January 1929	Do.
43	Do.	Tej Raj son of Nathu Mal.	Ana son of Ganeshi Rawat	10	8	0	Ditto	Do.
44	Do.	Ditto	Naka son of Basba Rawat	40	0	0	11th August 1915	Under liquidation.
45	Do.	Ditto	Bhura son of Bhima Rawat	75	0	0	3rd June 1917	Ditto.
46	Do.	Ditto	Pibha and Tulidha son of Photo, and Amra son of Mula (Ritegran).	75	0	0	Ditto	Ditto.
47	Do.	Samrak Mal son of Amar Chand.	Kesa son of Jalla Rawat	750	0	0	8th May 1917	Ditto.
48	Do.	Ganir Mal son of Hazari Mal.	Kesa son of Khuba Rawat	42	8	0	7th June 1928	Ditto.
49	Dhika-bata II	Tej Raj son of Nathu Mal	Jata son of Teja Rawat	350	0	0	31st May 1927	Ditto.
				50	0	0	21st May 1917	Repaid to the Co-operative Bank Rs. 75 on 28th May 1917.
				64	13	0	29th February 1920.	Rs. 50 on 16th February 1920.
				and				
				28	0	0	16th October 1920.	
50	Do.	Ditto	Khuga son of Sula Rawat	18	8	0	15th October 1920.	Repaid Nothing.
				50	0	0	21st May 1917 and	Ditto
51	Do.	Ditto	Sudha son of Budha Rawat	42	0	0	15th October 1920.	Ditto.
				50	0	0	21st May 1917 and	Repaid Rs. 20 on 28th May 1917.

Serial No.	Village.	Mahajans, names, etc.	Borrowers' names, etc., and Caste.	Money borrowed.	Date and year of borrowing.	Remarks by the Inspector, Co-operative Societies, Barwar who was requested to verify the facts.
52	Dhila-hata .	Tej Raj. son of Nathu Mal.	Jodha son of Gaidha Rawat	Ra. a. p. 84 0 0 15th October 1920 and 100 0 0 21st May 1917		Repaid Rs. 25 on 21st May 1917.
53	Do. .	Ditto .	Pana son of Teja Rawat	60 0 0 21st May 1917		Repaid Rs. 75 on 28th May 1917.
54	Chuni-thal .	Chauth Mal son of Puran Chand.	Surja son of Hudda Rawat	10 0 0 25th May 1920		Under liquidation
55	Do. .	Ditto .	Pura son of Jodha Rawat	13 13 0 25th May 1920 and 21 4 0 25th December 1922		Ditto
Grand Total				5,754 13 0		

No. 409, dated the 20th March 1930.

Returned to the Extra Assistant Commissioner, Merwara, with the report that a note regarding verification of the amount has been made (in English) in the remarks column opposite to each name. In some cases information could not be traced.

(Sd.) FATEH MOHAMMAD,

Inspector Co-operative Societies.

Dated 30th March 1930.

APPENDIX II.

Report of Enquiry held at Rajiawas village, Beawar Tehsil, in connection with Intensive Survey, on the 10th & 12th February 1930.

PRESENT

Prof. H. L. CHABLANI.

| Seth VITHALDASS RATHI

Rai Sahib KANWAR MOTILAL.

(co-opted member)

The following local officers assisted in the Enquiry :--

- (1) Rai Sahib Kishen Lal, Extra Assistant Commissioner and Sub-Divisional Officer, Beawar
- (2) Mr. Charanji Lal, Tehsildar, Beawar
- (3) L. Kidar Nath, Naib Tahsildar, Ajmer (i/c Intensive Survey work).

Among others the following agriculturists and money-lenders of Rajiawas and other neighbouring villages were present at the enquiry and answered questions put to them —

Agriculturists.

- 1 Moti retired Subedar.
2. Zora retired Subedar
- 3 Deva s/o Lakha
4. Deva s/o Natha
- 5 Anna Lambardar
6. Ganesha s/o Khema
7. Zora
8. Parma s/o Hamir
9. Lakha s/o Kera
- 10 Parma s/o Kera
11. Panna s/o Mana.
12. Bhura s/o Nathu.
13. Budha s/o Mohra.
14. Tiya s/o Jawana.
15. Rora s/o Suba.
16. Hira s/o Tiya.
17. Natha s/o Jawana.
18. Bhora s/o Bhola.
19. Bala s/o Khara (of Kotra village).
20. Kanahiya s/o Hamira.
21. Kishna s/o Amra.
22. Shera s/o Rora.
23. Lakha s/o Kera.
24. Khangara s/o Mana.
25. Fatta s/o Banna (of Kamra village).

Money-lenders..

1. Jodh Raj s/o Khemraj.
2. Hemraj s/o Hari Chand.
3. Ganesh Mal s/o Amdan.
4. Hamirmal s/o Chogan.
5. Punam Chand s/o Panna Lal.
6. Amolak Chand s/o Amdan.
7. Kishan Lal s/o Chamir Mal.
8. Agar Chand s/o Bhawani Ram.
9. Nathi s/o Dhanrup.
10. Dip Chand s/o Manmal.
11. Gulab Chand s/o Hamirmal.
12. Misri Lal s/o Jiwan Mal.
13. Subraj s/o Wali Chand.
14. Nehru s/o Indar Chand.
15. Ganesh Mal.
16. Wali Chand s/o Mool Chand.
17. Himat Mal s/o Kesar Mal.
18. Wali Chand s/o Hazarimal.
19. Sambar Mal s/o Jaimani Ram.
20. Bahadur Mal s/o Indar Chand.
21. Ganeshmal s/o Mool Chand.
22. Tejmal.
23. Jaswant Ram s/o Sagar Mal.
24. Sukh Lal Indar Chand.
25. Lonip Chand.
26. Jeth Mal.

Ordinary expenditure of a family (Column 17 Form A.)

It was noticed that in column 17 of Form A the daily expenses on only oil, tobacco, opium, drink, *biri* and match box had been included. The Extra Assistant Commissioner explained that this had been done in case of other forms also.

On the whole the estimate of the investigator should be increased by Rs. 3 on account of fuel, Rs. 5 on account of *ghee*, *gur* and sugar, etc., and Rs. 4-8-0 on account of oil. Thus the total expenditure in this case should be put down as Rs. 187 per annum, i.e., 7·2 per cent. more than the total entered in Form A. Zora, another agriculturist who was questioned in detail is according to the unanimous opinion of the *zamindars* present at the enquiry a man of average status. He has got two buffaloes. He keeps 2 *chhataks* of *ghee* every alternate day (i.e., one *chhatak* a day) for himself and three children and about $\frac{1}{4}$ th of a seer of milk daily for his children. He does not buy any meat. The vegetables which are consumed in his family are not bought from others but taken from the fields, which supply him gram *sag*, *methi*, onion, garlic and green

garden. So far as corn and pulses are concerned the agriculturists say that they usually keep out of the crops sufficient for their own consumption and have not to buy cereals from the *bania*.

The prices at which the items in their budget have been calculated by the investigator are the prices which the cultivators *actually got* when they *sold* these things to others.

According to the villagers present, the following are fair charges on clothing of a family consisting of two male adults, 2 female adults, and two children:—

	Rs.	A.	P.
2 pairs of <i>dhotis</i> for adult males	6	0	0
4 shirts for adult males	6	0	0
2 sheets for adult males	4	0	0
2 turbans for adult males	8	0	0
1 <i>orna</i> , 1 <i>ghaghra</i> and 1 shirt for a female child	3	0	0
1 <i>angrakha</i> for the other child	0	8	0
2 pairs of shoes for adult males	4	0	0
2 pairs of shoes for females	4	0	0
2 shoes for the children	2	0	0
Cloth for 2 adult females	10	0	0
Dyeing and printing charges for women's clothes	4	0	0
Total	51	8	0

The investigator has estimated the clothing charges of the family on the following basis:—

	Rs.	A.	P.
5 pieces of <i>khadar</i> cloth	15	0	0
Dyeing and printing charges of women's clothes	8	0	0
Turbans	4	0	0
Shoes for all	10	0	0
Sewing charges and underclothing	5	0	0
Sheets	6	0	0
<i>Angiya</i> for women	2	0	0
Total	50	0	0

His calculation thus seems to be quite fair.

Columns 23 and 24 Form A.

The figures entered in columns 23 and 24 are based on the assumption that on an average there is one marriage in a family every 10 years and one death in a family every 20 years. Enquiries have been made from the villagers, as regards the expenses on marriages and deaths incurred by each family during the last 10 and 20 years. The total thus got has been divided by 10 and 20 respectively. In this village a *zamindar* spends about Rs. 500 to Rs. 600 on the marriage of a son and about Rs. 200 on the marriage of a daughter making allowance for the amount received from the bridegroom's party. The villagers assembled here are positive that this is the scale of expenditure incurred, whether the family is rich or poor, and that the people who cannot afford to spend so

much either postpone their marriages or sell their land. This expenditure is regarded as a conventional necessity. The expenditure on death ceremonies is of two grades; one is on *mosar* proper and the other is on ceremonies performed on the 12th day called *barhwan*. The expenses on *mo ar* amount to Rs. 1,000 to Rs. 1,200 and on *barhwan* to Rs. 100. Among the agriculturists assembled (about 50 in number) only six say that they had *mosar* proper in their families during the last 20 years, the rest had the 12th day ceremony only.

Annual cost of cultivation—Columns 20—22.

The annual expenditure on agricultural implements has been estimated on the following basis :—

	Rs.	A.	P.
1. Plough (new or repairs)	1	0 0
2. Wooden shaft at Rs. 2 (sufficient for 3 years)	0	10 0
3. Yoke at Rs. 1 (sufficient for three years)	0	6 0
4. Leather rope at Rs. 2 (sufficient for two years)	1	0 0
5. Yoke leather at 12 as. (sufficient for two years)	0	6 0
6. Iron Bar at Rs. 1-8-0 sufficient for one year	1	8 0
7. Nails and iron <i>pattis</i>	0	8 0
Total	5	6 0

One plough is sufficient for 10 *bighas* (4 acres).

The investigator has included wages for ploughing wherever hired. He has also included the wages for sowing wherever hired labour has been engaged for this purpose, though this is very rare.

The cultivator's expenditure on feeding his cattle has not been included when cattle are fed out of the produce of his own field as the value of fodder has not been included in the income of each individual. The depreciation in the value of cattle has been allowed for in the entries under column 21. The working life period of a bullock has been assumed to be 12 years and the cost of a bullock Rs. 60; so the depreciation has been estimated at Rs. 5 per bullock or Rs. 10 on a pair of bullocks.

Net yield from investment in land.

The price of *talabi* and well land is Rs. 200 per *bigha*, that of *abi* submerged in water) is Rs. 120 per *bigha* and of *barani*, Rs. 40 per *bigha*.

The area in which cotton crop is sown gives an out turn of about 5 or 6 maunds per *bigha* in *kharif*; the same fields grow *methi* and barley in the *rabi* harvest, the out-turn being about 3 maunds per *bigha*. Similarly the area in which crop other than cotton is sown in *kharif* gives in both the harvests an average out-turn of 10 maunds of grain per *bigha*. The value of the cotton crop at Rs. 9 per maund amounts to Rs. 45 and the price of 10 maunds of grain in the alternative will be about Rs. 40; 3 maunds of *methi* or barley will be worth about Rs. 12 at the rate of Rs. 4 per maund and the value of fodder per *bigha* may be estimated at Rs. 10 on an average. The total produce per *bigha* thus comes to about Rs. 55 to Rs. 60.

As regards annual expenses of cultivation on ten *bighas* of *talabi* land fodder is estimated to cost about Rs. 80, seed Rs. 38, depreciation of bullocks Rs. 10, expenses of weeding and harvesting Rs. 46 and manure Rs. 66. Ten cart loads of manure are required for one *bigha* and the cost of one cart load is estimated at Rs. 2. The total for ten *bighas* works out at Rs. 200. But the manure once put in the field lasts for about three years and therefore the average per year has been put down at Rs. 66 for ten *bighas*. The total annual expenses per *bigha* are thus estimated at Rs. 24 for *talabi* land. In the case of well land, it was estimated that the cost per year will be increased by about Rs. 18, a bucket costing Rs. 20 and lasting for about 3 years, and Rs. 10 per year being required for expenditure on rope and oil. The total cost per *bigha* of well land would thus be Rs. 25-8-0 or Rs. 26 roughly. The produce is about Rs. 20 to Rs. 15 per cent. more in case of well land, but the price of well-irrigated land is the same. Thus, the net income per *bigha* of *talabi* land varies between Rs. 31 and Rs. 36 annually, but Rs. 2-8-0 per *bigha* has to be paid on account of land revenue, cesses, *malba* including *chowkidara*, etc., and the net balance would therefore amount to on an average Rs. 32 per *bigha* per annum. If the adults working on 10 *bighas* of land were to work as labourers, their wages at the rate of 5 as. per day would amount to Rs. 240 per annum, 2 adults being assumed to be quite sufficient to manage 10 *bighas* of well or *talabi* land. The owner of the land working on his own field thus gets only Rs. 8 per *bigha* more than what the adult members of the family would receive as family wage earners; while the interests charges at the rate of 12 per cent. on Rs 200, the market price of one *bigha* of *talabi* or *chahi* land, would be Rs. 24 a year. The produce of land at the present rates with borrowed money, therefore, leads to a loss of at least Rs. 16 per *bigha*, unless the owner-cultivator can supplement his income by some other subsidiary occupations in the slack season but no such subsidiary occupations are open to the agriculturists of this village during the slack season except fuel collection from jungles which is generally cheap in the hot weather.

Twenty years ago the value of land is said to have been Rs. 100 per *bigha*; about 30 years previous to that it was about Rs. 80 per *bigha*. The villagers attribute the increase in value to the increase in population which leads to increasing competition for land.

Marketing.

Lakha agriculturist stated :—

“The main crops in my field are wheat, gram, maize, barley and linseed. I keep half the produce with myself and deliver the remaining half to the *bohra*. On the day I give him the produce he tells me the prevailing market rate; I do enquire sometimes from the bazar the market rate and find that he credits me with the market rate. I do carting myself.”

“Malla agriculturist stated :—

“When the loan is a large amount, I give the entire produce to the *bohra*; when the loan is small, I get money from him for the balance. The *bohra* credits me with the same rate as prevails in Beawar. It is only after selling in the Beawar market and knowing the rate then prevailing that the amount is entered to my credit. I do not allow the produce to be weighed unless the rate is settled in Beawar. When the crop is good, I keep about 1/3rd or 1/4th in my own house; when the crop is bad, I tell the *bohra*

that I cannot pay him. Usually I keep two months' supply after each harvest in the house. The price is not settled when the crop is standing or on the threshing floor. I do carting myself. I take the produce from the threshing floor, direct to Beawar and get it weighed there. In the case of cotton. I bring it to my house, because it has to be picked in several pickings. There is a moral understanding between me and the *bohra* that I should take the crop to him for sale. If I do not do it, he would not accommodate me in times of distress. Although he gives me the full benefit of the market price in Beawar, he will lose his *arat* if I go and sell it through some one else. If I sell it through another dealer, I shall have to pay the *arat* charges to the other man also. My *bohra* does not charge me anything more than what I have to pay as commission elsewhere and therefore I shall gain nothing by the change. These commission charges are as follows in case of grain :—

<i>Arat and kata</i>	..	..	..	..	..	Ra. 1-8-0 per cent.
Weighing	..	..	..	..	..	$\frac{1}{4}$ th of a seer per maund.
Sweeper	..	..	..	..	..	Do.
Broker	..	..	..	..	..	Do.
<i>Chaukidara and piayo</i>	..	..	..	..	..	Do.

In the case of cotton the customary rate is 6 as per maund. This includes *arat*, *kata*, weighing, remuneration for sweeper *piayo*, *dharamada* and *palaband*. About 4 seers from a cart load of ten maunds are given away as *chungi*, etc. We have to pay either the charges on cotton sold in Beawar or sell cotton here on the spot at Re. 1 per maund less than the market rate in Beawar, in which case we have not to pay charges such as *arat*, *kata*, etc. In the case of grain the *bohra* here will buy it at one seer more than the market rate in Beawar but we would not then have to pay any of the charges which we shall have to pay otherwise at Beawar."

The general sense of the villagers present was that the statements made by these two agriculturists regarding marketing were generally applicable to the village as a whole.

Moneylending.

There are 10 *mahajan* families settled in the village. Six of them do moneylending, trade and agricultural work, while four of them are doing purely agricultural work. Moneylending business is not confined only to these six *mahajan* families, but a number of *mahajans* of Beawar, say about 15, do moneylending business in this village, and six or seven of these 15 have got considerable business here, especially Seth Pusa Mal and Seth Ramdev Phul Chand and Surat Ram Puran Chand who have got amounts up to Rs. 500 outstanding in their favour against the agriculturists in the village. Two *zamindars* and one *dalal* also do moneylending.

Of the moneylenders residing in this particular village, three were present on the second day of the enquiry. One said that he had 12 clients, and two others said that they had only 2 clients each. All these three had got agricultural land, which is their principal source of livelihood. One of them had got also a shop in the village. Of the total number of moneylenders present (about 15 in number) on the 11th, only one had got about 40 clients, out of which 20 clients had been given loans of less than Rs. 10; all others had clients varying in number between 5 and 10. Most of them were also dealers in petty supplies.

Generally the loans are given in the shape of commodities and repaid also in kind; but occasionally cash is given for various purposes. So far as accounts are concerned some of the loans given in the shape of commodities are valued and treated as cash loans for the purpose of calculating interest charges and balance struck upto the day of settlement, but others are treated as special loans in kind on which interest in kind is payable according to agreement among the parties.

Loans in Kind.

In order to ascertain the real price paid for these special loans in kind payable in kind, the account book of Dip Chand, *mahajan* of Shahpur village (a mile from Rajiwas village) was examined. Page 58 showed that 10 maunds of seed (barley) were advanced in the month of *Katak* (10th *Katak*) 1981. After three years the accounts were settled and it was put down as double (20 maunds) in the account book. Up to date it is still outstanding and has not been paid back. The rate of barley at the time of lending was 9 seers per rupee; today rate is 10 seers per rupee. Dip Chand said that if the debtor gave him only 10 maunds for the whole amount (20 maunds), he was ready to write off the whole.

Page 38 of the same account book of Dip Chand showed a stamped acknowledgment for 60 maunds $2\frac{1}{2}$ seers grain due in *Katak Sambat* 1980. This *khata* had neither been renewed nor had the man been paid anything. It has become time barred and is considered a bad debt and not worth spending even one anna for having it renewed. The account book of Jodhraj of Rajiwas village showed that on 1st *Bhadon Sambat* 1986 one maund of barley was advanced to Kaja, son of Urja, of Rajiwas village for maintenance. In *Katak* 1986 Jodhraj received back $1\frac{1}{4}$ maunds of maize from the borrower. The rate of maize in the month of *Katak* was $9\frac{1}{4}$ seers; in the month of *Bhadon* barley's rate was 9 seers (*vide* page 27 of *bahi* of Gulab Chand of Shapur village). Seth Vithaldas subsequently informed the members that his enquiries supported by entries in the account books of the dealers showed that the price of barley varied a good deal between *Katak* and *Chait*. For example in *Katak* 1986, i.e. last *Katak* or October 1929 the rate of barley was 9 seers a rupee and in *Chait* 1987 or April 1930 it was 13 seers a rupee for the new crop and 14 seers 8 chhataks per rupee for the old crop.

The village money-lenders and dealers assembled agreed that the general position regarding loans in kind is as follows. Loans advanced in grain are repaid in grain at the harvest time at the rate of 1 maund and 10 seers for every maund borrowed. Cotton seed, however, is repayable at par at the harvest time. The system of loans in kind and repayments in kind on the basis of 25% (*sauwai*) does not pay the man who cannot store the produce for being sold or lent out when prices rise. For instance, if in the month of *Katak*, when the price of barley is generally high, barley is lent out at the rate of 25% interest and 25% more barley is received back and sold in the month of *Chait*, there will be loss rather than gain, for the prices of barley are generally cheaper by more than 25% in the month of *Chait* than in the month of *Katak*. But in case this barley is stored and sold in the outside market during the rainy season, say in the month of August, or is lent out again between the months of October to December, the village money-lender and dealer can make some profit in lieu of interest

that he has lost. At the most he will gain 25% for locking up his capital for 12 months if full recovery is made and the entire amount is sold or lent out after the next *Katak*, but ordinarily the profit will be much less. This system can only be resorted to by people who have got substantial capital to lock up; others lend on cash basis even when they lend in the shape of commodities, charging interest on the same rate as prevails for cash. In the latter case corn lent out is valued in the account books at the prevailing market price in the month of *Katak*, and when repayment is made in *Chait* the produce given is also valued at the market price prevailing then, but in this case the rate of interest is not *sawai*, but varies between 12 and 18% according to the standing of the parties. The system of loans and repayments in kind on the basis of *sawai* is generally declining, because of the failure of crops, fluctuations in prices and the smallness in the number of money-lenders who have got substantial capital to lock up.

The Rates of Interest.

The prevailing stipulated rate of interest in this village is Rs. 1-8-0 per cent. per mensem but the *mahajans* in the surrounding areas say that they charge at the rate of 1 per cent. per mensem in a large number of cases. This was found to be a correct statement of fact on an examination of the *bahi* of Misri Lal of Kotra, in some cases the rate of interest being 0-14-0 per cent. p. m.

According to the statements made by the money-lenders present at the enquiry, they have to go to courts in 50 out of 100 cases of the clients with whom they deal. About 5 or 7 out of these 50 against whom cases are filed contest the suits. Others ask for lenient terms of repayment by way of instalments or some kind of rebate in interest, etc.

The money-lenders assembled were asked whether they could show any entry from their account books which might give a fair indication of the discount they allowed to their clients at the time of settling their accounts and whether they would allow the entries in their *bandis* to be examined at random. They all agreed to do so. One of the entries selected at random was from the account book of the money-lender, Misri Lal of the village of Kotra. The entry against the name of Jodha, son of Mohta read as follows:—

Dated 13th Sawan Sambat 1985.

Dr. side.	Rs. a. p.	Cr. side.	Rs. a. p.
Balance brought forward	.. 154 0 0	On account of cost of a she-buffalo and one cow.	100 0 0
From other account	.. 22 0 0	Credited on account of 4 maunds of cotton (<i>kapas</i>) given by him.	76 0 0
Total	.. 176 0 0	Total	.. 176 0 0

Account closed as settled on 2nd *Sawan Sambat* 1985.

The first entry on the debit side was stamped.

Seth Vithaldas subsequently informed the members that a reference to his books showed that the price of *kapas* on *Katak Sudi* 13th S. 1985 was Rs. 11-8-0

a maund while in *Magsar Sudi* 12th S. 1985 it was Rs. 10-6-0—(i.e., in one month) and that during 1985 it never exceeded Rs. 10-6-0 a maund, though the amount credited in this *khata* valued it at Rs. 19 per maund. The account book further showed that no interest was charged for 4 months on both the items of Rs. 154 and Rs. 22. Enquiry was made from the *zamindars* present as to the price of the she-buffalo. They said that the price of a buffalo varied between Rs. 40 and Rs. 80, Rs. 80 being paid for the best buffalo and Rs. 40 for the worst, while the price of a cow in the village varied between Rs. 15 and Rs. 40. Three of the persons resident in the village and present at the enquiry said that the particular buffalo was not worth more than Rs. 50 at the time it was bought. The cow, which subsequently died, was worth about Rs. 17 or Rs. 18, according to the same residents of the village. Misri Lal was asked to show the previous account of the same man. The previous account on the same account book dated 15th *Bhadon* S. 1984 read as follows :—

Interest at 1 per cent. p. m. Rebate on interest at 6 pies per rupee was allowed.—

Dr.		Rs. a. p.		Cr.		Rs. a. p.	
Previous balance	..	126	12 0	Paid in the form of grain and wages of the man who worked for him.	..	24	11 0
Interest charged	..	13	13 6				
Miscellaneous advances on account of petty supplies.		38	8 9	Rebate out of interest account		0	6 9
(Details:—grain supplied 7 maunds, 1 md. 30 srs. grain charged as <i>badi</i> .)				Balance	..	154	0 0

(NOTE.—No interest was charged on Rs. 24 for 2 months). Other entries picked out at random from the books of money-lenders present are given below :—

Account of Mela, S/O Chotu Regar—Dated Poh 9th Sambat 1983.

Dr.		Rs. a. p.		Cr.		Rs. a. p.	
Previous balance, struck on Poh 9th Sambat 1983 on Re. 0-1-0 stamp.	..	58	0 0	Grass heaped on Poh 9th Sambat 1984	..	18	0 0
Interest of three years up to Poh 6th Sambat 1986 at 14 annas per cent.	..	14	0 0	Allowed as rebate on interest	..	4	0 0
				Balance struck on Poh 6th Sambat 1986.	..	50	0 0

Account of Kota, S/O Gama of Katra—dated Poh 10, S. 1984.

Khata of Jawana and Dewa, son of Pithu.

Dr.		Rs. a. p.		Cr.		Rs. a. p.	
Previous balance	..	571	0 0	Grain, 2 stacks	..	300	0 0
Petty advances	..	26	5 0	40 she-goats	..	180	0 0
Interest (@ 1% p. m.)	..	204	13 0	2 bullocks	..	120	0 0
				Grain on account of another account.	..	100	0 0
				On account of land mortgage	..	120	0 0
				Discount	..	2	0 0
Total	..	802	2 0	Total	..	802	2 0

Settled after 35½ months on 10th *Maggar Sambat* 1935.

	Rs.	Remarks.
Total due	802	
Debited to new account ..	220	Rs. 100 for grain debited to another account was not given back and this account was closed.
Received ..	582	Rs. 120 on account of land mortgage. Value of grain and cattle.
	802	
Loss on grain sold	180	Given on loan to others.
Loss in goats	70	Do.
Loss in bullocks	40	Do.
	290	

Previous khata of the same man.

Folio No. 59.

Dr.	Rs. a. p.	Cr.	Rs. a. p.
Last balance	283 5 0	Received in kind	144 2 0
Interest	83 8 0	Discount allowed	4 10 3
Cash advanced (Rs. 154 to be paid to the co-operative society).	352 15 3	Carried forward	571 0 0
Total	719 12 3	Total	719 12 3

The *mahajan* could not say when the loan of which the last balance is shown as the first item in this *khata* was first advanced to this debtor.

The rates of interest mentioned in different *khata*s taken at random were Rs. 1-8-0, 1-4-0 and Re. 1 per cent. per mensem, the commonest being 1 per cent. per mensem.

The money-lenders state that generally they do not get cash but commodities and cattle in the case of complete settlement of accounts, for which they have very often to credit much higher amounts than the real market price of the commodities and cattle. The percentage of these complete settlements is hardly 10%. In the case of other accounts at the time of renewal of transactions for the next three years or at the time of partial settlement of accounts, it is customary to leave off one anna in the rupee when the rate of interest is Rs. 1-8-0 per cent. p. m. and 6 pies in the rupee when the rate is Rs. 1 per cent. p. m.

It depends on the court in which suits are filed whether interest is awarded from the date of the decree or not. The money-lenders say that about 30 to 40% of the decrees bear no interest from the date of the decree, and the remaining which do, bear interest at the rate of 6% per annum only. In the case of instalment decrees interest is awarded only when the instalment fixed is not paid.

The money-lenders are unanimous in saying that they do not go to court if they can realise 10 annas per cent. p. m. interest from the parties. In going to court they have to spend about Rs. 22 in a suit of Rs. 100 or so and about Rs. 35 to Rs. 40 in a suit of Rs. 200 and about Rs. 45 or Rs. 50 in a suit of Rs. 300. This sum includes all sorts of charges, legal and otherwise which have to be paid. They are able to get from the courts about half the cost incurred in suits below Rs. 200 and slightly less than half in suits above Rs. 200.

Methods of calculating Interest.

If a person borrows a lump sum from the village money-lenders and does not pay anything for three years, they charge him at the rate of simple interest and not compound interest at the time of settlement of accounts but in case he maintains a running account with them, they settle accounts every year, crediting to his account the payments made by him with interest thereon and striking a balance of principal and interest due at the end. But in the latter case the creditors give him some concessions as he is considered a good party. They not only charge him a lower rate of interest, but accommodate him at the time of his need even by borrowing money against their own ornaments and giving him grain for seed and consumption on the basis of *sawai* system, even though at the time of the harvest, say in the month of *Baisakh* the number of seers sold per rupee in the market is very much higher than what they get on the basis of *sawai* system. The party at the time of the settlement of accounts gets credit for the full interest due to him on the part payments which he makes during the currency of the year.

Loans on mortgages.

The money-lenders say that they used to lend about Rs. 60 on the mortgage of one *bigha* of land before the Land Alienation Regulations; now they lend about Rs. 40 per *bigha* on mortgages with possession, because land cannot be mortgaged for more than 20 years. Generally when the land is mortgaged with possession it continues to be cultivated by the same man as tenant, who gives the mortgagee half the produce out of which he pays either the whole of half the land revenue according to agreement. Neither the bigger *zamindar* nor the money-lender is replacing the small agriculturist in this village. No personal service in lieu of interest is exacted by either.

Attitude of the money-lenders.

All the money-lenders and dealers present say that they borrow money from the town people in Beawar at the rate of 9% per annum and that therefore they can never afford to charge less than 1% per mensem. If facilities for recovery are given to them, they will be in a position to content themselves with 1% per mensem or 12% per annum. If the facilities for recovery such as are offered to co-operative societies are offered to them, they all express their readiness to bind themselves not to charge more than 1% per mensem.

The majority of them are prepared to do business with the *zamindars* on a rate of interest not exceeding 1% per mensem if they could get funds from Government or from a bank (other than a co-operative bank) at a rate of interest not exceeding 6% per annum. Some of them are doubtful however if in the absence of facilities for recovery they will be in a position to do much business

even if they get funds at the rate of 6% because they would in that case be deprived of the arrangement with the town *sahukars* of Beawar under which they are able to borrow money far in excess of their *haisiyat* on their mere personal credit and are able to induce them to agree without any formalities to a postponement of recovery in case an agriculturist on account of scarcity or otherwise delays in making repayments to them. They object to a co-operative bank financing them on the ground that they would not like to disclose their business secrets to 8 or 9 members of the bank. All are agreed that the most essential thing is the facilities for recovery such as are given to the co-operative banks here. If both these facilities are afforded to them, namely, Government or public funds at the rate of 6% per mensem and facilities for recovery such as are afforded to the co-operative banks, they are prepared to give a legal undertaking not to charge more than 9% per annum.

They express themselves against any measure of regulation of accounts, because it would mean an increase in their expenditure. They consider that even if a Post Office opens a current account for them and they were to draw cheques against their current accounts in favour of the parties who borrow from them, the system would prove to be very inconvenient to the borrower, since he has very often to go 4 *kos* to reach the nearest post office. Many of the agriculturists borrow petty amounts from them, sometimes Re. 1 or Rs. 2. Besides this, what the agriculturist needs is mostly commodities and not cash, as he borrows nearly half in commodities and half in cash and any cheque on a Post Office would not suit his requirements. The demand that they might send by registered post a letter stating how the account of each client stands from time to time would be very difficult to comply with as in that case they would have to go to a Post Office which sometimes would mean a distance of 4 or 5 *kos*.

Village money-lenders and the Artias in Beawar.

The village money-lenders and dealers state that they obtain loans more from the *artias* than from the other *sahukars* in Beawar. The *artias* not only lend money to them, but buy for them commodities from the market, and it is not necessary for them to go frequently to Beawar for the purpose of their purchases. They maintain a kind of running account with them. The *artia* does not charge them any interest for 10 or 15 days, but he charges commission for purchases made on their behalf at the rate of 12 annas per cent. He has to put up with a lot of inconvenience on their behalf as he goes to the bazaar even if their orders are only for purchasing petty things worth 8 annas or Re. 1. The *artias* give them full benefit of the prevailing market prices in the bazaar of Beawar and inform them daily of the market prices. Sometimes even twice a day he transports to the village goods by railway or by cart and has also to put up with the expenditure on their lodging and boarding in Beawar when they go there.

Borrowing in times of scarcity only.

The cultivators assembled here say that they have not borrowed in ordinary years except for marriages or deaths in their family or owing the death of a bullock. They generally borrow only in years when there is scarcity. In ordinary years they do not apply for *lakari* loans because they are under the impression that Government grants *lakari* only in times of scarcity.

Attitude of the borrowers.

There is no prejudice against the *bahas* in this or the surrounding villages. All the villagers present at the enquiry say that their relations with the *banias* are cordial, and that they do not suspect them of any malpractice in accounts. They are in favour of a land mortgage bank, which will charge them interest at a lower rate, spread the repayment of loan over a longer period of time and enforce strict payment of the instalments except in times of famine, and they say that the land should be auctioned and sold in the open market in case they fail to pay the instalments. They are against joint unlimited liability and wish to have individual liability instead. They wish that the rate of interest be fixed at 9% per annum. They complain that only a few members of the co-operative society here repay their loans; others take loans far in excess of their capacity to pay and don't repay their debts with the result that the bank is unpopular. They are against dealing with a licensed *mahajan* if he is an outsider, but they would prefer local *mahajans* provided they have got ample funds to lend them at a rate of interest, say, 9% per annum by getting funds from a bank at a cheaper rate of interest. They would prefer the local *mahajan* even to a land mortgage bank. One of them, however, says that the *mahajans* should be compelled to give receipts and periodical statements of account to the debtor. Although he himself does not suspect his own *mahajan* of malpractices he thinks that other *mahajans* are sometimes guilty of malpractices and that possibly there is something wrong with their accounts. All the villagers say that they get money on *bahi khata* excepting in the case of large amounts exceeding Rs. 200 or Rs. 300 for which the *bania* generally demands mortgage with possession. If the borrower does not commit theft of the produce, he is asked to cultivate it himself and give half the produce. In such cases, the *malguzari* is divided generally half and half in this village. The villagers say that for the last three or four years they have not been able to repay any thing on account of scarcity. In the last ten years six years have been very bad. The last four years have been somewhat good, but last year the crop was damaged by frost. According to the money-lenders present, however, only five of these 10 years have been such as to prevent the cultivator from paying off the season's debts, apart from the previous debts.

Miscellaneous.

A good zamindar here has got Rs. 100 worth of gold and Rs. 100 worth of silver in his family. 40 or 50 tolas of silver are to be found in the house of an average zamindar. There are two goldsmiths in the village. There is only one family which does spinning of cloth.

GLOSSARY.

Abi	Land irrigated by torrents or tanks.
Asami	Client.
Badi	Interest on advance in kind.
Bania	Tradesman.
Barani	Cultivable land watered by rainfall.
Barra or Bharna	Compromise.
Batai	Payment of rent in kind, by division of produce between land-lord and tenant.
Beopari or Bopari	Tradesman.
Bigha	2/5ths of an acre
Biri	Indigenous cigarette
Bohna	Broker, Commission agent
Boris	Gunny bags
Chalu Khata	Running account.
Chahi	Land watered from wells.
Chama	A kind of device for raising water from wells.
Chatar	Matting.
Chithis	Letters of credits.
Choti	Top
Chauth	One fourth.
Dalal	Commission.
Dharamada	Deduction for charity
Darchani Hundi	Hundi payable at sight
Daskhat	Signature.
Jagirdars	Holders of grants of land.
Gur	Molasses.
Had-qarza	Maximum amount that can be borrowed during a particular period.
Haisyat	Financial status
Havelis	Houses.
Jhagra	Quarrel
Jua	Grain.
Kappa	Cotton
Kasida	Embroidery
Kashtkar	Cultivator.
Katta	Male calf of a buffalo.
Katwan Mitti	Calculation of interest on debits and credits both, claiming only the difference between the two.
Khadi	Handloom.
Khala	Barn.
Kharif	Winter harvest.
Khata	Account.
Khowat	A proprietary tenant.
Kotha	Storehouse for grain.

Lakhpati	A millionaire.
Lambardar	Village headman.
Lathi	Stick.
Mahajan	Money-lender.
Makhi	Bee.
Mazduri	Wages.
Mosar	Funeral feast.
Mudda	A wicker work stool.
Munim	Accountant.
Munshi	Clerk.
Nai	Barber.
Naib	Assistant.
Nakal	Copy.
Neota	Contributions from friends, relations, members of the same brotherhood on marriage occasion.
Panchayat	Village council.
Patwari	Village accountant.
Purab	East.
Rabi	Summer harvest.
Rahti	A system of loans.
Roznamcha	Day book.
Ryot	Cultivator.
Sabha	An assembly.
Sahukar	Banker, money-lender.
Sahukari	Money-lending.
Sambat	Era.
Sarpanch	President of a panchayat.
Shamlat	Common land.
Takka	Two pice coin.
Talab	Tank.
Tang	Girdles.
Teli	Oil presser.

